

BUSINESS WEEK

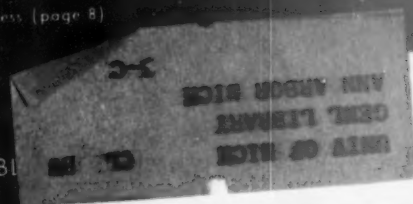
MAY 25, 1946



U. S. Ramaswami Mudaliar. His business is the world's business (page 8)

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"Select your rut with care; you'll be in it for 500 miles"

THAT'S THE SIGN that faced our ancestors as they started west on dirt roads. Once in the rut, they couldn't turn out or turn back.

A U. S. government spokesman has just said "This year we lay the foundation of our economic structure which will have to serve for generations." Select your rut with care; you'll be in it for 500 years.

Do you like the looks of the rut? —pressure groups dictating to government . . . extension of the vicious philosophy of the lazy that the world owes them a living . . . the familiar cry of "emergency" to excuse growth of government

power and loss of your liberty . . . fantastic government spending which throttles jobs for everyone but bureaucrats . . . spread of the very thing here which we have been fighting abroad . . .

There's another road up which America has traveled to the highest standard of living in the world. It was worn by hard work, thrift, government of the people instead of pressure groups; it was made by honest men who know people must *earn* what they get.

"Select your rut with care; you'll be in it for 500 miles."



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A development of
B.F. Goodrich
FIRST IN RUBBER



How to make a tractor walk like a duck

typical example of B. F. Goodrich development in rubber

IN SOME parts of the country harvesting often has to be done in wet, soupy fields. Then tractors bog down, valuable crops are lost.

Long before the war B.F. Goodrich developed a rubber track which replaced the heavy, cumbersome steel track of the "caterpillar" type tractors and lasts much longer. It made tractors (and tanks) lighter, longer lived and is one reason American tanks were so fast and maneuverable.

B.F. Goodrich engineers believed this track could be adapted to farm use and

perhaps solve the problem of work in wet fields. A small triangular track that can replace tractor wheels was developed. This light but broad rubber track floats the heavy tractor over mud (or any condition of soft soil) as easily as a duck walking. Weight of the tractor is so distributed that pressure on the ground never packs the soil yet the tractor gets where it's going, fast.

This B.F. Goodrich development isn't on the market yet because war delayed it, but it soon will be. It will make wet farming easy and practical; it

increases the pull of tractors an average of 25% and so improves the efficiency of the tractor even on dry soil. It can operate on highways while steel tractors cannot. It is another result of the research that never stops at B.F. Goodrich—research that is continuously finding new and better uses for rubber, and continuously improving belting, hose and everything else already made of it. *The B.F. Goodrich Company, Akron, Ohio.*

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keep machines busy...



...ALKALINE BATTERIES

keep trucks on the GO

Fast, steady and efficient movement of materials to and from machines, 24 hours a day, is one of the important ways battery industrial trucks are helping to speed production, save man-time and cut handling costs in all kinds of busy plants. A continuous flow of materials in process is maintained without interference to machine operations. Work is spotted in the most convenient and accessible locations for feeding each machine with the least manual handling.

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Exchange batteries keep the truck continuously supplied with power. While one battery operates the truck, another is being charged. Except for the few minutes needed to change batteries, the truck need not stop for servicing its power unit. Its electric motor drives have a minimum of

wearing parts; are inherently simple and trouble-free. The truck starts instantly; accelerates smoothly; operates quickly; gives off no fumes; consumes no power during stops. Not only does it make efficient use of power but the current used for battery charging is the lowest cost power available.

Altogether, the battery industrial truck is one of the most dependable and economical types of handling equipment — especially when powered by Edison Alkaline Batteries. With steel cell construction, a solution that is a preservative of steel, and a fool-proof electrochemical principle of operation, they are the most durable, longest lived and most trouble-free of all batteries. **Edison Storage Battery Division of Thomas A. Edison, Inc., West Orange, N. J.**

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FOOD ADVISERS CONFLICT

The confusion of advice reaching President Truman on the food situation these days is reflected in last week's plans to ease wheat milling restrictions for the coming year and to reduce foreign shipments—the while Chester Conover keeps talk of rationing alive.

Dominant expectation in the Administration is a food crisis that will last through the forties, with attendant maximum production, restrictions on eating, and a shift from a meat economy to a grain economy, which is more economical of calories. And, of course, higher grain prices.

But powerful opposition to these views also reaches Truman, from men of the caliber, for instance, of ex-AAA Administrator Chester Davis, chairman of the Famine Emergency Relief Committee, and R. M. Evans, member of the Federal Reserve Board. This group is convinced that if there is reasonably good production in the grain countries, the present crop year will see the end of pressure on the U. S. grain supply.

Advantages in Lower Demand

Not that people everywhere will have enough to eat. But, they argue, people never did. U. S. grain prices are now so high, and going higher, that the paying countries will buy no more than absolute minimal needs. And they think that though the public is famine conscious today, it will be in no mood by 1947 to subsidize foreign eating.

Those who hold this view half-welcome the prospect of a reduced grain demand. We entered the war with soils in good shape as a result of the conservation programs of the thirties and with an "ever-normal granary" bulging with about a year's supply. This year we're using up the last of that hoard, and all through the war we've been mining the soil with billion-plus wheat crops and corresponding crops of other grains. They would like to protect the soil by an 800,000,000-bu. level of wheat production and restock the granary. It is their view that even with government loans immobilizing part of the grain, the American public can't consume even these smaller crops except in the form of a heavier diet of meat and dairy products.

Corn Rise Threatens Herds

This is the program that the prophets of plenty would like to launch with the 1947 crop. But they are bothered now by the upward trend of grain prices, particularly corn. Wheat prices have a short-term effect, but higher corn prices

can automatically reduce livestock and dairy herds (BW—May 18 '46, p17) so far that they can't recover in time to support the eating habits needed if foreign demand for grain disappears next year.

SENATE IS OPA'S HOPE

On price control, the Administration learned its lesson in the House. There, by driving a steamroller through the Banking Committee, it came out with a bill fairly acceptable to OPA. But once it reached the House floor, the bill was torn to pieces.

Now, in the Senate, the Administration is doing its dickering and compromising in the committee room, where it can keep the thing from going hog-wild. It hopes to come out with a politically feasible bill—supported by the leadership of both parties—and thus avoid an uncontrollable floor revolt.

Administration Leader Barkley had the votes in committee to block most of the anti-OPA amendments, but he is going along with the opposition on proposals, for instance, for a decontrol formula which would remove some of OPA's discretion in lifting of price ceilings.

The Administration is encouraged, too, by indications that the final Senate bill will differ enough from the House version to permit some fancy juggling in conference committee.

OUTRUNNING INFLATION

C.I.O. is drawing up its lines for an all-out fight against the whole principle of wage control. Its big push will come late this year when the new round of wage demands begins. What the C.I.O. wants is elimination of any veto power over wage boosts, coupled with continuation of control over prices—except so far as prices are raised to meet the cost of a negotiated wage increase.

C.I.O. leaders recognize that there would be more inflation under such a program, but they think that labor generally would be able to keep ahead of the inflation. They fear that under the present system labor's cost of living will get ahead of its pay.

Key step in the campaign is destruction of the National Wage Stabilization Board. If political pressure is unable to produce its administrative liquidation, there's a strong chance it will be licked by a walkout of C.I.O. members, who will hope to be joined by their A.F.L. colleagues. With NWSB out of the way, it would be up to OPA—with

whatever powers Congress leaves it—to maintain an indirect brake on wages through such limitations as it can put on price increases resulting from wage boosts.

Protests by the United Auto Workers will not stop the OPA from granting another hike in automobile prices of 4% to 5% to offset higher steel costs stemming from the 18½¢ wage boost for steelworkers last February.

CLOUD ON WAA'S HORIZON

With investigations of its operations brewing in both Senate and House Military Affairs subcommittees, the War Assets Administration is not unduly disturbed. WAA is perpetually on the target line. Almost anything it does makes someone mad, but officials are confident they can show a clean bill of health on nearly every major transaction. They have one big worry—electronic equipment. On this highly technical gear, particularly on radio tubes, they have followed the policy of turning the material back to the manufacturers for disposal. Many of the tube contracts carry a clause permitting producers to limit sales of surplus tubes to 25% of total deliveries.

WAA officials have never been happy about the way such an agreement holds goods off the market. And now they fear they have abetted producers in a price fight. Small radio assemblers are screaming for tubes, claiming that production is being held down in an effort to force higher prices and that WAA has allowed freezing of surplus tubes that could break the jam. It won't look good to Congress.

TIME LIMIT ON SUITS?

The National Assn. of Manufacturers will have to plug hard to push through the Senate before the summer recess the House-approved bill applying a federal statutory limit on suits against employers for violation of the wage-hour law. Sen. Joseph O'Mahoney, chairman of the Judiciary subcommittee to which the House bill has been referred, has no plans for scheduling hearings and with the Senate calendar crowded with "deadline" legislation, bills that have already gone through committee will get priority.

The Administration's opposition to the House bill has been mollified by amendments which fix the statutory limit at two years instead of one, and specifically exempt actions in which



Looking at things **YOUR** way!

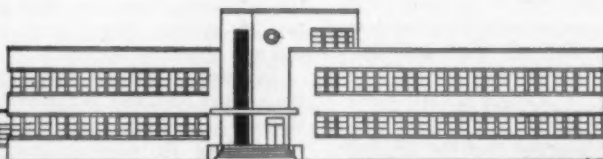
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federal government or its agencies plaintiffs.

The bill is directed primarily to accelerate the wage-hour law for back pay or overtime, but applies to suits under any federal law for which no statutory limitation is fixed.

JOE FOR GROVES

Gen. Leslie R. Groves is no boss of the atom. Insiders know he is only sitting at the desk until a successor is picked to head Manhattan project. Then Groves will become one of two assistant chiefs of Army Engineering—a post to which President Truman has already appointed him.

The man who succeeds him will not have his sweeping powers. The district will work under the supervision of the new general staff unit—G-6—which has charge of research and development. Organization of G-6 is waiting the choice of a general officer to fill it.

Groves' ouster, which is being conducted in a quiet and face-saving manner, results from two lines of pressure. For several months now Secretary of War Patterson and Gen. Eisenhower have been told by civilian and military advisers that removal of Groves would strengthen the Army's chances of maintaining its influence in atom development—since the general's personal unpopularity with nearly all civilian atom people has become a central issue in dispute.

Truman Wants

The finishing touch was President Truman's realization that there is now prospect of legislation this year setting up a civilian atomic power commission. For at least another nine to twelve months, atomic development will be in the hands of the Manhattan project. If this country is to maintain its competitive position, the organization must run smoothly; Truman is looking for a chief who will be acceptable to the civilian technical staff.

Recognizing its position as a sort of interim office for a still-to-be-created civilian agency, Manhattan District is moving ahead with its plans for release of radioactive fission byproducts for research and development (BW—Mar. 30 '46, p. 7). Plans will be announced within a month. Both educational and private laboratories will get a chance at the radioactive isotopes, but initially none will be distributed for end-product commercial use. Lists of materials, quantities available, and prices to be charged are being worked up now.

WAGE TAX UPHELD

The Supreme Court this week spiked the last hope of angry taxpayers who have been trying to overturn Philadelphia's sweeping municipal levy on individual incomes (BW—Sep. 15 '45, p. 21). The court refused to hear an appeal from a Pennsylvania court decision upholding application of the tax to earnings of an employee in the federal Navy Yard at Philadelphia.

Taxpayers figure that if they couldn't win in this case, they haven't a chance

in any others. The plaintiff lived in New Jersey and certified that he did not even pass through Philadelphia on his way to the Navy Yard, where the federal government has jurisdiction.

CAPITAL GAINS (AND LOSSES)

Washington expects that U. S. Steel's bid for the Geneva steel plant will be accepted. Pressure on the Justice Dept. from western politicians anxious to see a well-heeled operator in possession is

War-Sired Monopoly Is Target of Crusade

A vigorous antitrust drive, started on V-J Day, now is getting into full swing. With a backlog of more than 100 pending cases, many of which were suspended during the war, the Justice Dept. has sprung close to a score of new cases since last August, and has instituted more than 100 investigations into situations which have the color of law violations. Most of these probably will peter out, but a fair number are certain to end up in the courts.

• **Budget Is Hazard**—The Dept. of Justice is moving fast. Attorney General Tom Clark doesn't have a reputation for going off half-cocked—he doesn't bring a case unless he thinks he can win—but he figures that speed is necessary now to prevent entrenchment of war-tolerated monopolistic practices. Clark himself formerly headed the Antitrust Division, and he and Wendell Berge, the division's present chief, have developed a streamlined method of trying antitrust suits.

The drive may be slowed down by a budget cut. Scolding the Antitrust Division for "losing its perspective by devoting too much effort to minutiae, to the harassment of business generally," the House Appropriations Committee pared its budget for the coming fiscal year from \$1,900,000 to \$1,700,000, which is \$175,000 less than the current year's funds.

• **Fights in Senate**—Clark went before the Senate Appropriations Committee this week, hopeful that at least part of the funds cut by the House will be restored.

Investigations slated by the Antitrust Division since August cover a wide variety of commodities and range from scrutiny of the practices

of individual companies (whose names obviously are confidential) to more or less industry-wide inquiries which include the following:

Railway cars, transcriptions, bituminous coal, newsprint, oxygen and related gases, radio speakers, paper products, plumbing and heating, small bank loans, fuel oil, clothing, shipping rates, liquor, outdoor advertising, electrical installation codes, fire-fighting equipment, street lighting and traffic signal equipment, chlorine, surgical dressings, pipe, funeral supplies, wine grapes, electric power, hosiery machinery.

• **Production Inquiry**—Numerous investigations relate to use of patents to effect practices whose legality is in question. In this category are electric welding equipment, screws, screw and bolt fasteners, skywriting, oil refining, sheaves, wood stains.

Other investigations are concerned with monopolistic conditions suspected of affecting production, transportation, or handling in certain areas of milk, beer, coal, crude oil, produce, roofing shingles, building materials, plumbing fixtures, wine, housing, lumber, woollens and worsteds, telephones, automotive supplies, tobacco, motion pictures, trucking, bus transportation, taxicabs, tuna fish, natural gas, real estate.

• **Individual Companies**—Investigations are also under way of individual companies identified with the following commodities: reinforcing steel bars, ticket machines, bottled soft drinks, fountain pens, coin-operated washing machines, axles, calcium carbide, parking meters, hospital beds, camelback, pharmaceuticals, rubber, permanent wave heating pads, books, gas refrigerators, oil drilling equipment, camera lenses.



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PITTSBURGH (12)	CEdar 7780
ST. LOUIS (3)	MAin 5235
TWIN CITY, St. Paul (4)	NEstor 2821

UNITED STATES STEEL

strong enough to overcome any scruples about monopoly.

The Philippines won't be able to export sugar for three years and are currently trying to wheedle some out of the U. S. Shortage of cane plantings and the time required to mature crops will cause the delay.

THE COVER

This week the nation was face to face with its greatest labor crisis (page 15). On the world stage the failure of the Paris peace conference was an item of gravest concern (page 17). Meanwhile, there convened in New York City an earnest group led by a little known man from India whose deliberations may in the long run outweigh in significance the other events of the week. The group is the United Nations Economic & Social Council; the man is Sir Ramaswami Mudaliar.

The problems facing the council will be familiar to its president. Sir Ramaswami has in a long and distinguished career been intimately concerned with their solution, both in his homeland and elsewhere in the world. He may well recall the ineffectual efforts of such earlier intergovernmental agencies as the Economic Commission of the League of Nations of which he was a member.

Five subcommissions will make recommendations to the Economic & Social Council. For those whose hope is tempered by a lingering conviction that the council's economists will be preaching to the wind and always shying away from action, there is this reassurance: One subcommittee has plumped in its first meeting for an immediate investigation of the causes delaying European reconstruction.

The Economic & Employment Commission will ask the prompt dispatch of a mission on Reconstruction of Devastated Areas, with orders to report in September to the General Assembly on the causes of lagging recovery in Europe. If this investigation achieves its avowed aims, no nation will be above public criticism, and the commission will make forthright recommendations for speeding reconstruction.

Apart from such urgent tasks, the council's long-range job will be coordination of the work of other intergovernmental agencies, including the International Labor Office, the Food & Agriculture Organization, the World Bank for Reconstruction & Development, the International Monetary Fund, and the International Trade Organization which it will call into being within a year.

The Pictures—16—Acme, Press Assn.; 17—Harris & Ewing; 19—Wide World; 72, 89—Int. News; 92—Los Angeles Times; 94—Int. News; 110—Acme.

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THE OUTLOOK

BUSINESS WEEK

Y 25, 1946



Industry started this week still befogged by labor uncertainties.

It quickly became clear, however, that the White House was becoming more hopeful. President Truman's coal-mine seizure tipped off his hopes of smoothing out the rail dispute before the Thursday deadline.

The implications were obvious. There would have been small point in trying to keep the miners digging coal unless the Chief Executive expected that he would have railroads running next week to haul it.

•
Steel mills will be hampered for some time by lack of fuel.

Now, after the miners have been back on the job for the period of the two-week truce, steel's coal piles still are way down. Refusal of most Pennsylvania miners to work accentuated the shortage.

The steel companies have concentrated on sheet. This is the product most needed if civilian hard goods are to be produced.

Meanwhile, demand for other products piles up. Industry men see no chance of straightening out delivery schedules any time this year.

•
Food processors won't suffer any severe shortage of cans unless the steel industry is forced to cut output sharply below present levels.

CPA and the mills are agreed that food must not be wasted. Tinplate gets top priority. Even the jealously guarded export quotas were suspended.

Nevertheless, the tinplate situation is still on the critical list.

One result is that production of glass containers is being pushed. The glass industry puts demand for its containers at 130,000,000 gross this year, perhaps 20,000,000 gross beyond expected production.

•
Next critical shortage that will hit producers of consumers' durable goods will be copper and copper wire.

In particular, the already acute shortage of fractional horsepower motors will be accentuated. Orders for such motors in March totaled 3,181,000 units while only 1,486,000 were produced.

These small motors can't be made without copper, and electric refrigerators and washing machines can't be made without motors.

Some heavy industry lines will feel the squeeze, too. Integral horsepower motors powering such equipment as machine tools will be pinched for copper right along with the small motors.

General Electric took occasion to explain this effect of the copper mine-and-smelter strike in two-third-page newspaper ads this week. G. E. stressed the adverse effect on the company's plans for providing jobs.

•
Government-labor plans for pushing the guaranteed annual wage program are due to run into a new obstacle—of the unions' own making.

Labor leaders, in agitating for the annual wage, always have eyed steel and autos covetously. And the government proposes to study the plan as it might be applied in these and other industries.

But here's the catch. The steel industry has just seen how a strike in another industry—coal—could force widespread layoffs. And the auto people have been either closed or sadly handicapped time after time in recent months due to strikes in plants of their suppliers.

After such experiences, neither industry is likely to look with any favor

THE OUTLOOK (Continued)

BUSINESS WEEK

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on annual wages when they have little control over the working time.

Farm labor conditions are improving, if ever so slightly. This will partially offset production losses of farm machinery due to the strikes that have afflicted most implement manufacturers.

The Bureau of the Census estimates total farm workers in April at 8,190,000 which compares with 7,750,000 a year earlier (but with 8,980,000 in the peacetime year 1940 when crop production was much smaller).

The migration of itinerant farm workers has started earlier than usual this year and is heavier than during the war.

About 750,000 veterans now are on farms. The Dept. of Agriculture doubts, however, that this much more than offsets retirements.

More than 2,000,000 women have left nonagricultural jobs since the end of the war. Nevertheless, female workers continue to make up a larger percentage of nonfarm employment than in 1941.

Women workers are 20% more numerous than at the prewar peak; number of men on nonfarm jobs is less than 3½% above the 1941 high at present. Women comprise a little better than 32% of today's employment.

This relationship exists even though an estimated 7,360,000 veterans have secured nonagricultural employment. Just about one more good war would put man in the kitchen—another argument for peace.

Civilians will go on even shorter meat rations for a couple of weeks.

Packinghouses which have fallen behind on their setasides for the government will be obliged to make up their deficits by June 15.

Meanwhile, the slaughtering quotas reimposed by OPA are bringing some results, but not enough. Beef output of the inspected slaughterhouses has risen from 75,000,000 lb. a week in mid-April to above 90,000,000.

That much diversion from the black market helps, but the figure is 25% below year ago totals and a third under February of this year.

Hog runs, fortunately, are showing up better than beef. Pork poundage handled by federally inspected establishments in recent weeks has been anywhere from 20% to 30% larger than a year ago.

Meat shortages that may be expected this coming winter will be aggravated by a very substantially reduced supply of poultry.

It had been anticipated that chicken and turkey raisers would cut back. They had a mild lesson in overproduction last year.

But the cut now looming is more drastic than expected.

Hatcheries report the number of chicks booked for delivery after May 1 to be 63% below last year. The number of eggs in incubators on the first of the month was down 26%.

King Cotton can take another look to his market as rayon production forges on to one new production record after another.

Output of the synthetic fiber in the first quarter of this year hit a poundage which, on an annual basis, would be equivalent to 1,700,000 bales of cotton. That's up from a 1,150,000 bale equivalent prewar.

FIGURES OF THE WEEK

THE INDEX (see chart below).

PRODUCTION

	% Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	49.2	48.9	73.6	92.9	97.3
Production of automobiles and trucks.....	49,905	471,355	57,565	21,260	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$20,350	\$21,493	\$22,341	\$6,241	\$19,433
Electric power output (million kilowatt-hours).....	3,939	3,911	3,987	4,377	3,130
Crude oil (daily average, 1,000 bbls.).....	4,751	4,734	4,686	4,867	3,842
Bituminous coal (daily average, 1,000 tons).....	78	87	108	1,755	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	86	84	84	83	86
All other carloadings (daily average, 1,000 cars).....	28	28	24	56	52
Money in circulation (Wednesday series, millions).....	\$27,950	\$27,958	\$27,948	\$26,372	\$9,613
Department store sales (change from same week of preceding year).....	+39%	+29%	+81%	-1%	+17%
Business failures (Dun & Bradstreet, number).....	16	23	16	15	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	279.1	275.1	273.5	257.1	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	172.6	172.3	172.4	166.3	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	250.9	244.2	239.9	227.8	146.6
Finished steel composite (Steel, ton).....	\$63.54	\$63.54	\$63.54	\$57.55	\$56.73
Scrap steel composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$18.92	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.022¢
Wheat (Kansas City, bu.).....	\$1.87	\$1.72	\$1.72	\$1.67	\$0.99
Sugar (raw, delivered New York, lb.).....	4.20¢	4.20¢	4.20¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	27.22¢	27.37¢	27.75¢	22.62¢	13.94¢
Wool tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.330	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

FINANCE

10 stocks, price index (Standard & Poor's Corp.).....	148.1	148.3	149.6	117.6	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.03%	3.02%	2.97%	3.32%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.52%	2.51%	2.47%	2.62%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	3%	3%	3%	3%	3-3%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	38,348	38,251	37,748	39,900	23,876
Total loans and investments, reporting member banks.....	64,071	64,067	65,515	57,228	28,191
Commercial and agricultural loans, reporting member banks.....	7,461	7,456	7,509	5,797	6,296
Securities loans, reporting member banks.....	4,201	4,285	4,413	3,016	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	45,871	45,777	47,050	42,853	14,085
Other securities held, reporting member banks.....	3,385	3,379	3,440	3,017	3,710
Excess reserves, all member banks (Wednesday series).....	840	900	816	1,045	5,290
Total federal reserve credit outstanding (Wednesday series).....	23,252	23,219	22,857	21,587	2,265

Preliminary, week ended May 18th.

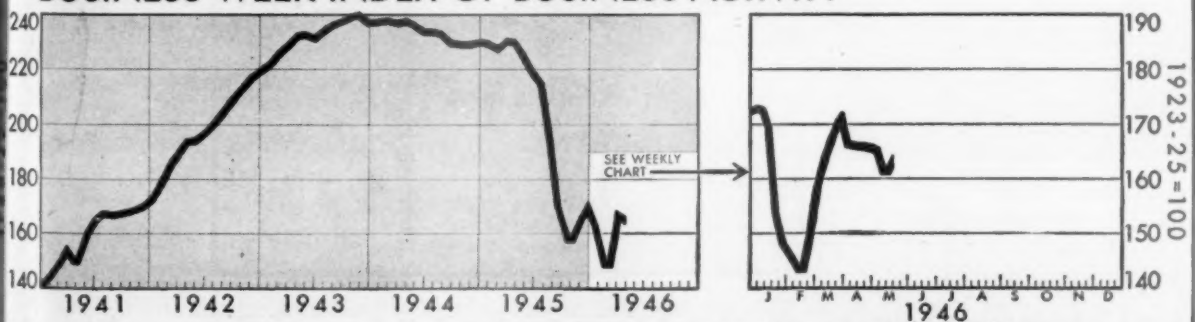
Revised

Ceiling fixed by government.

Date for "Latest Week" on each series on request.

Index figures for 1946 have been revised (BW—May 4, 1946, p17).

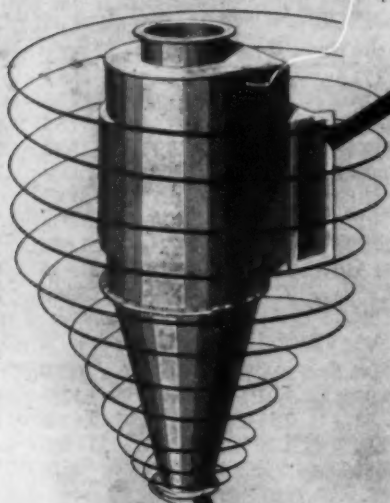
BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



Consult Buell

First

in Dust Recovery



Buell Fly Ash Collectors, employing exclusively the well-known van Tongeren System of dust collection, are internationally known throughout industry for "High efficiency, Low maintenance, Long life." Among their outstanding qualities and performance characteristics are: (1) high efficiency mechanical fine dust collection to meet the specific requirements of any job, (2) ready adaptability to any existing duct work, (3) low initial cost, (4) low maintenance and operating cost, (5) power consumption as low as 1 H. P. per 20,000 pounds of gas per hour. Buell's Bulletin, illustrated above, explains in chart and illustration the Buell (van Tongeren) principle of industrial dust recovery.

Every operating executive and engineer will find it most helpful in the selection of dust recovery equipment for his particular requirements.

buell
DUST RECOVERY
SYSTEMS

BUELL FEATURES	RESULT IN	PRODUCE
SHAVE-OFF LARGE DIAMETERS EXTRA-THICK METAL LARGE OUTLETS INNER WELDS GROUND SMOOTH CORRECTLY DESIGNED HOPPERS SPLIT-DUCT MANIFOLDS	HIGH COLLECTION EFFICIENCY LESS FAN BLADE WEAR LOW DRAFT LOSS LOW POWER CONSUMPTION HIGH TEMPERATURE RESISTANCE UNLIMITED CAPACITY NO MOVING PARTS FREE DUST FLOW	GREATER RECOVERY LOW MAINTENANCE LOW OPERATING COST LONG LIFE NO CLOGGING

BUELL ENGINEERING COMPANY, INC., 60 Wall Tower, New York 5, N. Y. Sales Representatives in Principal Cities

Nation Grapples Labor Crisis

Showdown between government and unions appears imminent as Congress indicates readiness to act. Basic question: How can individual freedom be protected from uses that may destroy it?

The creaking, slow-moving, oft-criticized machinery of democracy was, at long last, this week prepared to deal with a crisis.

That crisis had become painfully familiar. Almost a generation ago, John Lewis put it this way: "You can't mine coal with bayonets." And those words, re-echoed through the years, came to have the inviolability of a statement of natural law.

What the famous Lewis phrase asserts is that government is powerless to keep an industry going when workers, sole possessors of the know-how of operating that industry, refuse to stay at their jobs.

Power Accrues—With the strength implicit in that argument, Lewis and all his carbon-copies on the labor stage had built their unions into the most powerful economic organizations in America.

In coal, steel, autos, on the railroads and in other great industries, labor leaders had such power that in the spring of 1946 many a citizen, eager for postwar job and hungry for peacetime goods, damned the unions because they seemed to him beyond the reach of law

and beyond the claims of public interest.

For, in eight unparalleled months of continuing labor strife, there had yet to be a final showdown of strength between the unions and the government—an ultimate test of the Lewis dictum.

• **Is This the Payoff?**—With coal mines and railroads in the hands of the government, and with strike deadlines set in both industries, many wondered this week if that showdown could be any longer avoided.

And even if it were temporarily, the bickering and the haggling of a handful of men, both union chiefs and employers, had raised the grave and searching question:

What will a society dedicated to individual freedom do to survive uses of that freedom which threaten its very existence?

• **In the U. S. Senate**—Slowly and ponderously, in proceedings impeded by parliamentaryisms and special interests on both sides, that question was being met, that crisis overtaken, this week in the United States Senate.

Even those people who do not believe that every national policy issue is a bat-

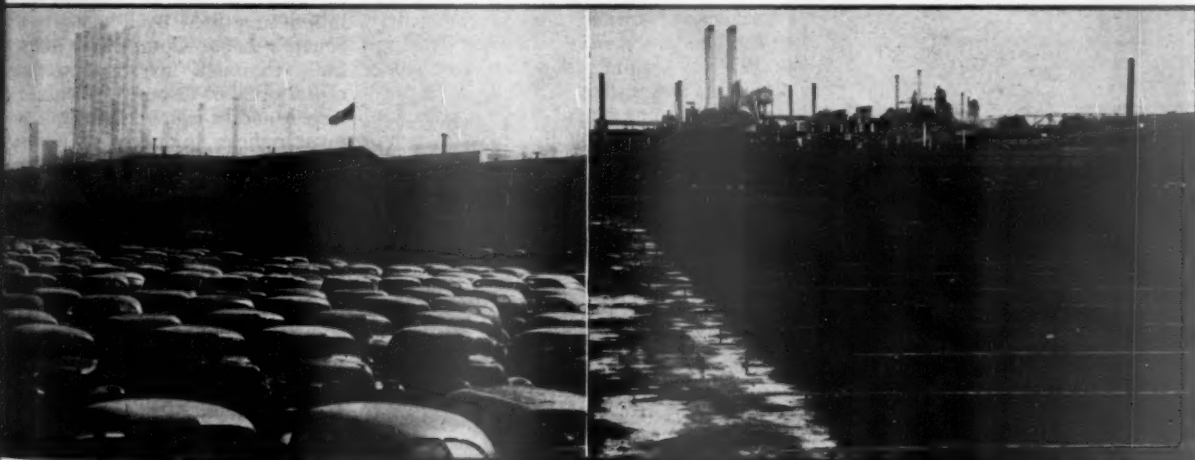
tle in the class struggle, and who are free from the prejudices of either radicalism or reaction, were swinging around to the earnest feeling that what was about to happen in Congress was heavy-laden with destiny.

• **Ready to Act**—The Congress was about to legislate. From out of a hatful of proposals, it was going to choose something which it hoped would end the labor crisis. Whether, if what it picked found Administration disfavor and was vetoed, its will would ever become law remained to be seen.

What the Senate had to pick from ran the gamut from bills introduced by Sen. Claude Pepper of Florida which would further strengthen the bargaining position of the unions, on the theory that employers were the big obstruction to harmonious labor relations, to bills conceived in equal spite but directed at labor.

• **Rewritten Case Bill**—The basic measure before the Senate was its Education & Labor Committee's rewrite of the House-approved Case bill. This was a strip-down proposal which had no important support except that prolabor legislators were behind it in a maneuver designed to block other legislation. It would provide merely a five-man federal mediation board, which would take over the already-established Conciliation Service now under the Dept. of Labor.

The board would conciliate, mediate, and try to induce arbitration when



BARRIERS ON THE ROAD BACK

Where 20,000 cars were parked daily is now bleak emptiness. And the pictorial comparison of Ford's Rouge plant can be duplicated, more or less, at most automotive plants and throughout the nation as labor troubles—big and little—pile up. Barely recovered from the effects of

the steel strike, Ford—like General Motors (page 100)—is now plagued by fuel shortages, transportation lags, and a lack of parts because suppliers are strike-ridden. The company's mainspring plant at Dearborn succumbed early in May; last week branch plants were following suit, and out of the vast army of Ford workers mostly skeleton crews and administrative forces were on the job.

other efforts failed to settle an important dispute. It was this measure to which other proposals for dealing more fundamentally with the labor problem would be attached as amendments.

• **Byrd's Proposal**—The least important amendment offered, because its only target was John Lewis' demand for a welfare fund, was pushed by Sen. Byrd of Virginia. It would permit only welfare funds which are administered jointly by labor and management. Although the narrowest in construction, this proposal, because of the anti-Lewis feeling, was accorded the best chance of passage.

More broadly conceived is a proposal sponsored by Sen. Lucas of Illinois, heretofore a consistent Administration supporter. His amendment would empower the President, when he finds a work stoppage interrupting the supply of goods or services essential to the public health, safety, or security to an extent impairing the public interest, to proclaim the fact and request the parties to resume operations.

• **Compliance or Seizure**—Where they don't comply with his request, he may seize the property. It then becomes the positive duty of the labor union officials involved to induce employees to return to work. Unless pardoned subsequently by the President, any employee who fails to return to work loses

the re-employment protection of the Wagner Act.

Two obvious weaknesses in the Lucas amendment make it less appealing to the majority Senate coalition. First, its grant of judicial discretion to the President to pardon strikers can be a political gimmick and, second, its lack of penalties on labor leaders who refuse to get workers back to their jobs can make this section a dead letter.

• **Ball's Amendments**—Six other amendments have the sponsorship of Sen. Ball of Minnesota and a Republican team. These would, in effect, write into statute the salient provisions of the much-publicized Ball-Burton-Hatch bill.

They would (1) restore the compulsory cooling off period, making it 60 days, and impose an equal obligation to bargain on both sides with penalties on either for violations; (2) establish fact-finding boards which would operate during the no-strike, no-lockout cooling off period and which would report to the President; (3) make unions legally responsible under contracts and suable for violations to the extent of a union's assets; (4) ban secondary boycotts; (5) deny Wagner Act coverage to supervisors whose right to join a union is nevertheless unabridged; (6) sanction injunctions against violence or intimidation to bar entry or exit from struck plants.

• **The Parliamentary Advantage**—The amendments, while satisfying Ball that they would incorporate into law the basic principles of the B-B-H bill, except for compulsory arbitration in utilities, also have the parliamentary advantage of following closely the provisions which were pruned out of the House-approved Case bill by the Senate's Labor Committee.

Miscellaneous amendments which the Senate will consider propose: emergency commissions in utility disputes; denying Wagner Act protection to jurisdictional strikers and strikes in violation of contract; banning closed shops and union shops unless employees request it in writing; annual elections of union officials by secret ballot and annual publication of financial statements; amending the Clayton Act to cover unions that are parties to contracts or conspiracies which operate in restraint of trade; removing from the Copeland antiracketeering act the exemption on legitimate union activities; amending the Federal Corrupt Practices Act to bar union campaign contributions to candidates for federal office.

• **Still Others**—Further proposals before the Senate would empower the President to order arbitration in disputes affecting the health, safety, or security of the nation. Such arbitration would be conducted by a seven-man board, four members of which would be named by the parties. The decision rendered would be in force for a minimum of six



J. Monroe Johnson (seated), director of the Office of Defense Transportation and government boss of seized railways of the nation, teamed with Charles H. Buford—named federal manager of the properties—to develop plan this week for running transportation without union engineers and trainmen. But the last thing either wanted was to have to use their plan.

months. Any arbitration award involving wages would be subject to approval, or modification by the Office of Economic Stabilization.

Cutting across all the individual proposals, and possible of passage no matter what else may be enacted, is a resolution supported by a majority of the Senate's Labor Committee. This calls for a thorough investigation into causes of labor dispute. Within its purview would be economic factors, government policies, practices of unions of employers, and whatever else the investigators may consider relevant.

• **Clamor Is for Action**—Whatever merits such procedure might have been brushed aside by the demand for immediate substantive legislation. Senators who claim to favor a more careful and necessarily more leisurely approach to the problem of writing a new labor law, are accused of stalling.

Capable—with few exceptions—of decisive action only in emergencies, as history reveals, Congress was sure it was an emergency on its hands this week as the flag flew over the coal pits, the round-houses while the threat of picket lines mocked the government power. It looked as though nothing could deter Congress longer from making a direct attack on the nation's biggest domestic problem.



Julius A. Krug, Secretary of the Interior, whose program for running his department called for his being as retiring as his predecessor (Harold Ickes) was forward, had to change his plans this week. As boss of the seized coal mines he had to deal with John L. Lewis and make headlines.

Isn't One World; It's Two

Paris fiasco portends division of nations into two blocs, led by Russia, the other by U. S. and Britain. Business, knowing it stands, can now go ahead in area cut out for it.

The diplomatic failure of the Paris conference is now fully revealed. Out of this failure business can, with considerable degree of certainty, now shape up its policies for the

dreams of "one world"—at least along lines of close cooperation envisioned in the tense days of the siege of Leningrad and the grim fighting during the battle of the Bulge—can be discarded.

Two Blocs—It is clear, even before the Council of Foreign Ministers meets in Paris next month, that the world is rapidly falling into two camps: one that will be dominated by the U. S. and the other that will look to Moscow and London for leadership.

How far the two blocs will drift apart cannot be foretold accurately. This meeting in Paris will provide the important clue.

Secretary James F. Byrnes threatens a showdown then with the Russians. Either Moscow is to agree to minimum peace settlements with the Nazi satellites or the other powers will make separate treaties.

Washington's View—Whether or not the Russians will win Washington's approval of this move is a question, but the odds of approval are apparently on the side of the U. S.

Despite the acknowledgment that the U. S. has made numerous small concessions at Paris, the American public is justifiably angry at Moscow's stubborn refusal to agree on enough salient points to allow even one treaty to be finally signed.

While Soviet diplomats and commercial missions continue to roam the world without any restrictions, Moscow firmly insists on limiting to a minimum the return flow of emissaries, and restricts their movements to a limited range within easy range of the Red capital.

Indicative—Washington's official bitterness is reflected in the willingness to accept the complaint of a Russian agent against a United States embassy in Moscow to blow up into the alleged proportions of a black plot. The Soviet Union also appears equally determined to continue to maintain its

one of the mounting world antipathy toward Russia is being allowed to simmer in the government-controlled press. Instead, American strikes,

British intervention in Indonesia, and Anglo-American maneuvering in Iran hold the headlines.

Against these, the Kremlin dramatizes its five-year plans, playing up pictures of big new power plants in Siberia, advertisements of the first locally made postwar electric refrigerators, and stories of grandiose apartments to be built for the victorious marshals of the recent war.

• Aloof and Recalcitrant—At the same time, Moscow has held aloof from the Bretton Woods plan, has adopted a recalcitrant attitude in the proceedings of the United Nations Security Council, has refused to seek a big U. S. loan, is placing only limited orders abroad, and is feverishly building trade ties with satellite countries along the border (page 109).

It is doubtful, now, whether either side is prepared to precipitate immediately the kind of showdown that would cause the Soviet Union to leave the United Nations.

Certainly neither side wants war; and each side can be certain that the other

will do nothing to precipitate war in the near future.

It is against this background that business can plot its course.

• Taking Shape—The bloc of western nations within which business will now begin to develop momentum is gradually taking shape. The United States and the British Empire will provide the nucleus. France (already swinging away from the extreme left), Belgium, Holland, and Scandinavia will join the group. Italy, Greece, Turkey, and the Arab states will be courted by both sides, with the western powers, at least for the immediate future, able to offer greater inducements.

India may be kept in the bloc if Britain's new political program is accompanied by equally bold and progressive economic plans.

China inevitably will be a battleground of conflicting ideologies—with Moscow already in a dominant position in industrially important Manchuria and Washington taking the lead at Chungking.

Latin America, despite Argentine intransigence, will remain in line if only because of its strong anti-Communist sentiment.

• Plans Can be Laid—Within this bloc, which provided the United States with the bulk of its trade before the war, business can now begin to lay its plans.

Stirred by the implications of Secretary Byrnes' report from Paris, the



With no progress to report, the United States' "Big Three" delegation to the unsuccessful Paris conference—(left to right) Sen. Tom Connally, Secretary of State Byrnes, and Sen. Arthur Vandenberg—return to Washington with a sharper understanding of international traffic signals on the road ahead.

House should speed up passage of the British loan. This is bound to have a favorable influence on foreign trade. United States exports are already flowing (exclusive of UNRRA) at the rate of \$8 billion a year, compared with only \$3 billion in 1939.

Conscious now of significant Communist setbacks in France, Holland, and Greece, Washington can be expected to speed financial aid to these countries, and to provide some of the technical assistance necessary to help them back on their feet.

• **A Second Look, Perhaps**—In contrast, assistance to Russian satellites will be scrutinized more carefully and possibly held up—as in the case of Poland—until

satisfactory guarantees covering its use are provided.

With these tipoffs to what's ahead, private industry will add to the momentum by pushing plans which have already progressed past the survey stage in many countries.

Mexico will continue to receive a flood of U. S. capital headed for investment in expanding light industries—textile, food processing and beverage making, household equipment assemblies, and small chemical plants.

Despite its trend toward nationalization of some industries, Britain will be the recipient of another large capital flow. Part of this will be in the form of technical assistance contracts, and in

the provision of equipment to those who want to manufacture many of the things which the British became famous for during the war.

• **Paris' Position**—France is likely to be in the market for at least \$500 million of U. S. heavy equipment as soon as forthcoming loans are approved. France the focus of a Communist-istalist showdown, Paris is in the embarrassing position of being able to play one against the other. For the immediate future, the western powers have to offer of what France wants that the Russians.

The diplomatic outlook, as a result of the failure of the Paris conference is not good. But, because neither

Fly It Yourself System in Operation at Kansas City

Saunders, an old-line name in the car rental business, is now borne by a Fly It Yourself System. The enterprise, operating since mid-April at Kansas City's Municipal Airport, gives a fresh start to a Saunders ambition which proved premature in the late 1920's.

Spark plug and president of Saunders Fly It Yourself is 26-year-old William Saunders, recently out of military service. The idea of private plane rentals impressed itself upon him while he was scanning the country's airports for taxi and car rental opportunities. The car rental field showed few openings, but the rent-a-plane field appeared almost wide open.

• **Birth of an Idea**—An earlier generation of Saunders got the drive-it-yourself idea in 1915, after a day of mental anguish which followed the loan of an uninsured new Ford to a friend for \$10. Beginnings made in Omaha grew into a system which at one time had grown to the point

where it had branches in more than 80 cities.

The founding Saunders brothers had a fling with aviation in 1929 at Fairfax Airport, Kansas City, Kan. They ordered 100 sport pursuit biplanes from Arrow Aircraft of Lincoln, Neb. It was almost a \$350,000 order, rather staggering for that day in private aviation.

• **Down the River**—Several planes were delivered to various Saunders offices, but the venture missed. The aircraft, some without ever turning a prop, were sold while Saunders continued to concentrate on car rentals. Since then, others have tried plane rentals, notably Fly-Or-Self System, Inc., organized in New York last year (BW—Dec. 1 '45, p20), outgrowth of the prewar Ailor Fly-Or-Self Co.

The new Saunders Fly It Yourself System is a partnership. It is affiliated with the car rental system, which at present operates eight outlets.

Three two-seater Ercoupes are be-

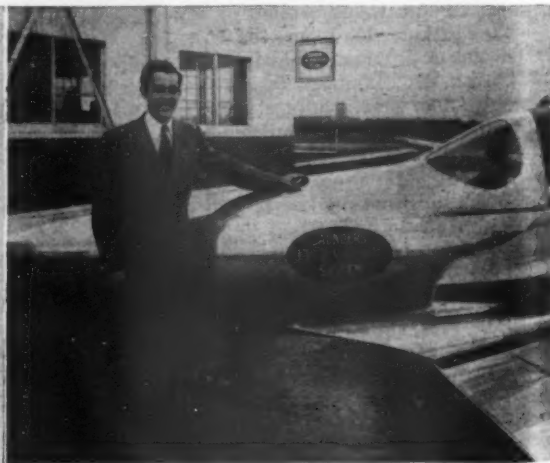
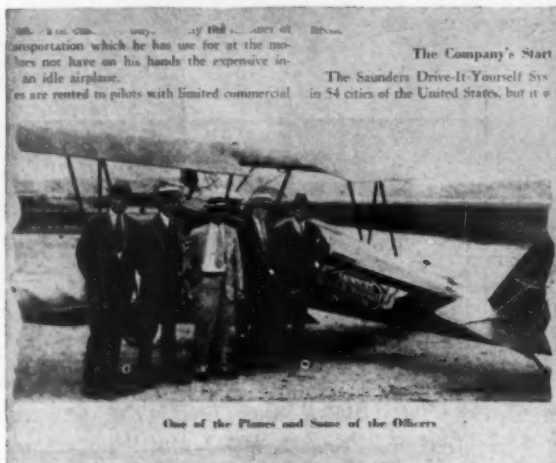
ing used, and two more are on order. Young Saunders hopes to add some four-passenger planes before long. Advertising is geared to Ercoupe's "Have you flew the coupe?"

• **Method of Operation**—Flying rates are \$10 an hour up to 4½ hours. Ground time is charged for so that a return of \$4 an hour is assured while the plane is out, whether flying or grounded. A flat charge of \$45 is made for 24 hours.

Liability protection up to \$100,000 is provided. A pilot can be hired, too, at \$2 an hour or \$15 for 24 hours, but thus far rental business has outrun charter business.

Plane-to-door ground transportation facilities are being lined up for the landing traveler. Young Saunders is compiling a schedule covering airport-to-town services of 270 fields that are within one-tank range of the Ercoupe. A timetable will be cooperatively printed.

St. Louis has been picked for Saunders' next fly-it-yourself branch.



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war. Actually, despite the schism,
blobs may yet find a way to work

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is this opportunity and proves
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by the Russian bloc will go far
determining whether it can keep
territories in its orbit and the bulk
world's business within the free
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corporate machine between the
investor and the business that
retically owns, economists have
ical eyes over the men who act
stockholder's name—the officers
ectors of corporations.

76, Adam Smith, who was cer-
o left-winger, unburdened him-
some tart comments about direc-
among them was this: "The direc-
such companies . . . being the
rather of other people's money
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d that they should watch over
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the partners in a private copart-
requently watch over their own.
e stewards of a rich man, they
ot to consider attention to
matters as not for their master's

the Storm—Smith's acid re-
were quoted frequently a little
0 years later when the aftermath
1929 crash began to expose
blunders that corporations had
in the high-rolling, careless days
boom.

30's, in fact, were a trying time
ectors. All of them, innocent and
like, were lambasted freely for
ignorance, and shortsightedness.
etimes, embarrassment was not
suffered. A flurry of lawsuits
ed the old principle that a di-
is legally liable for losses arising
is neglect or inattention to the
s. A number of the "honorary
of industry" were tagged with
ing judgments. J. C. Penney,
chairman of the defunct City

National Bank of Miami, for example,
was held liable for losses which were
estimated at \$3,500,000 (BW—Feb. 15
'41, p. 22).

• **The Limelight**—When the war shifted
emphasis from general management to
production, the directors were able to
retire to the wings and let the plant
engineer have the stage, but with the
end of the war the old debate has
bobbled up again.

At least two things have helped focus
attention on the role of directors in the
last year or so. One is the fact that re-
conversion has forced most companies
to make a series of high-level policy de-
cisions—for example, whether to ex-
pand in expectation of peacetime busi-
ness, what lines to develop, how to
finance them—all problems that even-
tually wind up on the boardroom table.
The other is that directors themselves
are anxious to avoid another sojourn
in the doghouse if the expected postwar
boom is followed by a bust. With this
in mind, they have been engaged in
a good deal of public introspection.

• **New Survey**—The latest contribution
to the subject is a solid, semistatistical
survey of 535 nonfinancial corporations
by the National Industrial Conference
Board ("Compensation and Duties of
Corporate Directors," by Paul W. Dick-
son, published by the Conference
Board, 247 Park Ave., New York 17).

In the Conference Board's sample,
the size of the boards ranges from three
to thirty-five. Membership usually varies
according to the size of the company.
The typical small firm (less than \$1,000,-
000 assets) has five to seven members
on its board. Companies above the \$50,-
000,000 mark average around twelve
members.

• **Double Role**—The most important
single group among the directors of
companies that answered the Confer-
ence Board questionnaire is the man-
agement—that is, the officers of the
company. In about half the companies,
full-time employees, doubling as direc-
tors, constitute a majority of the board.
In a few industries—tobacco and oil
are the best known examples—the board
usually consists entirely of officers of the
company.

Next to the officer-directors, the most
important group is the one representing
big stockholders. Roughly three-quar-
ters of the companies reported that at
least one of their directors had been
elected because he had a hefty block
of stock behind him. On the average,
one director out of five owns or rep-
resents a major stock interest.

• **Payment Trend**—In addition to the
management group and the represen-
tatives of big blocks of stock, most
boards contain various "outside in-
terests" and a sprinkling of experts,
legal, technical, or financial. Reasons
for election vary from company to com-



SOMEBODY LOVES ME

Between stormy sessions with con-
gressional critics, Economic Stabiliza-
tion Director Chester Bowles has a
chat with man's well known best
friend at his Fairfax County (Va.)
home. With the Senate preparing
to go to work on the OPA extension
bill (page 5), price officials see some-
thing symbolic in this affectionate ex-
change between Bowles and his pet
spaniel. If the Senate should approve
the drastic restrictions included in the
House version of the bill, OPA will
need a lot of expert advice on how
to live in a doghouse and like it.

pany, but the principal motive seems to
be to diversify the board and draw on
a wider range of experience.

In surveying the methods of paying
directors, the Conference Board found
a definite trend toward better pay and
toward regular salaries instead of a flat
fee for each meeting. The traditional
\$20 gold piece is no longer the typical
method of compensating a director.
Instead, the most popular fee among
the companies covered by the Confer-
ence Board sample is \$50 a meeting.
One company out of five reported that
it pays directors a regular salary.

• **Tactful Substitute**—A little better
than half of the companies declared in
favor of "well paid directors serving on
boards of several noncompeting organi-
zations, holding no executive position,
and representing no particular group"
—a cautiously phrased substitute for the
term "professional director," which of-

ten is a red flag to businessmen. The professional director was one of the mainstays of the reform program advocated before the war by such champions as Supreme Court Justice William O. Douglas, then chairman of the Securities & Exchange Commission (BW-Jan.14'39,p44).

The Conference Board carefully avoids drawing morals from its study, but the results will provide ammunition for almost anyone who wants to get into the argument—on either side. Defenders of small investors will be quick to point out that management and the big stockholders monopolize most boards. Union leaders will point to the absence of labor representatives save in one or two exceptional cases. Advocates of the present system will make as much as they can of the trend toward better pay and greater diversification of boards.

• **No Comment**—On one of the hottest issues in the debate—the concentration of economic power through in-

terlocking directorates—the Conference Board survey is discreetly silent. This problem is an old one: with roots in Adam Smith's time. It cropped up in the trustbusting campaign at the beginning of the century, blossomed again in the investigations of the Temporary National Economic Committee in the 30's.

The fact is that there are far more directorships in the U. S. than directors. Charles Hayden, of Hayden, Stone & Co., once had a seat on 72 different boards at the same time. This could mean an interlocking of many firms under a single management and the control of vast accumulations of wealth by a small, self-interested group. Or it could mean that the professional director class advocated by Justice Douglas has been evolving gradually. As long as business is good, the present director system probably will get the benefit of the doubt. If business should go into a tailspin, directors undoubtedly will find themselves dodging the brickbats again.

Atomic Bomb Blamed for Film Fogging

By simple process of elimination, Eastman Kodak Co. this week came up with the conclusion that the explosion of the first atomic bomb in New Mexico last July (BW-Aug.11'45,p15) was probably responsible for the subsequent fogging of photographic film through contact with radioactive film containers.

First contamination of the strawboard used for film containers was noted Aug. 6, 1945, at a midwest mill roughly 1,000 mi. from the site of the bomb experiments. Tests showed that the radioactive contaminant was of a type not previously encountered by Eastman scientists (who are called upon to maintain a constant guard against radioactive substances because of their film-fogging propensities).

• **Beta Rays**—Within a month another midwest mill was selected as the source of supply for film packages—but this strawboard showed the same type of contaminant, even though the mill was some 400 mi. farther from New Mexico than the first and obtained its water from a different watershed.

The contaminant—subsequently shown to be beta rays (high speed electrons)—was tested with double-coated X-ray film packed for about three weeks in contact with the strawboard. On developing, the film was found to have fogged areas about 1 mm. in diameter. These spots numbered from ten to several

hundred per sheet of 14x17-in. film.

• **New Technique**—Customary tests proved that the contaminant was not radium. So a new testing technique was devised. Hundreds of small round pieces of strawboard adjoining the fogged areas on the film were punched out. These were burned and the ashes collected to obtain a relatively high concentration of the radioactive material for study.

The samples showed fairly strong beta ray activity, but little alpha ray (helium nucleus) activity. Since the naturally radioactive elements, uranium, thorium, and actinium, emit both types of ray, they were ruled out. Potassium, a naturally radioactive element emitting only beta rays, was eliminated by chemical tests which proved it was not present.

Further tests showed the half-life period of decay of the radioactive contaminant was about 30 days, indicating that it was an artificially radioactive (rather than naturally radioactive) substance.

• **Borne by the Air?**—This left Eastman with but one conclusion: The contaminant most likely was some wind-borne radioactive fission product of the New Mexico A-bomb test. Supposition is that the material was blown high in the air by the blast and subsequently settled on the straw in the fields or dropped into the river water used by the mills. The latter is regarded as the more likely possibility.

Young vs. Elders

Alleghany Corp. chairman again prods his seniors in road management by black market in Pullman spots

Robert R. Young, the irrepressible chairman of Alleghany Corp., was at his favorite sport this week—ing the noses of orthodox railroad

In full-page advertisements all over the country, Young's Chesapeake Ohio started shouting about the market in sleeping car space" with same strident belligerence that recently brought into play on the tion of through service from the coast (BW-Mar.23'46,p20).

• **Cause and Cure?**—The black market in Pullman reservations, says C. & O., is "a national scandal," and railroads are to blame. To support charge, it cites as typical the case man who paid \$20 to a scalper for a seat on the Santa Fe Chieftain then discovered "plenty of unoccupied space," the service wife who was to take a trip with her husband couldn't go because the travel agent would give her no space unless agreed to stop at an expensive hotel, the young woman who could get space herself but saw the man who had taken care of when he came after the line had dispersed.

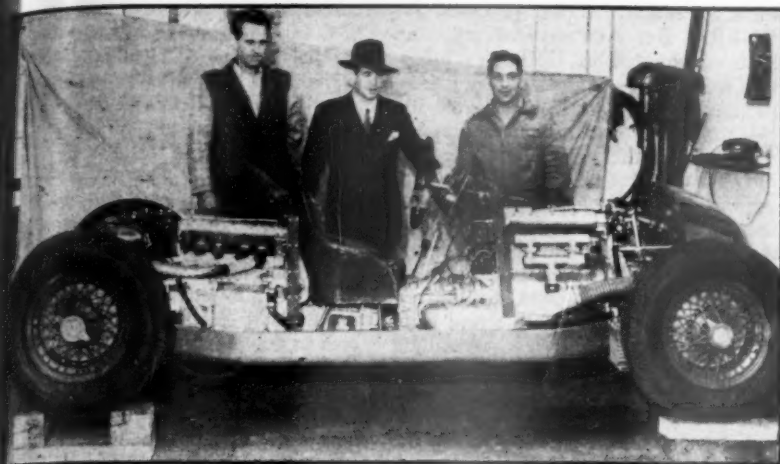
The main cause of the trouble, according to the C. & O., is that travel agencies, or anyone else can buy big blocks of space in advance. To up the black market, it proposes prohibition on block buying and restrictions on refunds for tickets are turned back at the last minute.

• **New Rules Offered**—Railroad who long ago learned to duck when they see Young coming, winced at this latest public laundering of industry's linen. The Eastern Railroad Presidents' Conference issued a ringing but noncommittal statement that the situation was being studied. The Pullman Co. promptly announced that proposed new regulations of redemption of unused tickets also were being submitted to the roads.

Actually, no one knows how big a problem the black market in sleeping car space is—for the obvious reason that black markets don't advertise themselves. State and federal authorities poked into the question frequently during the war and made a sprinkling of arrests, but the cases have been few and far between.

• **Extent Minimized**—Most railroads concede that in spots where transportation is particularly tight—Miami during the end of the season, for instance

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TO BEAT TRACK AND HIGHWAY COMPETITION

L. J. Fageol (center), president of Twin Coach Co., Kent, Ohio, looks to his newborn—a two-motored racer—to net him at least a nice publicity return in the 500-mile Indianapolis speedway race on May 30. The racer was designed by Fageol, will be driven by Paul Russo (right). Totalling 320 hp., the two 90-cu. in. engines have no power connection other than the throttle. Gasoline tanks are mounted amidships for better trim. The double engine setup, though relatively new on racers, has long been a feature of Twin Coach buses.

there has been a brisk black market. Many also admit that hotel porters or tourist agencies here and there around the country do an under-the-counter business, but they insist that the amount of gouging is small in comparison with the total volume of passenger traffic.

Equally obscure is the question of just why Bob Young, whose roads do a relatively small passenger business, is getting worked up about the black market. C. & O. spokesmen say it is because Young thinks the underground trade in sleeping car space is giving the whole industry a black eye with the public. Other railroad men say huffily that it is just one more of the brickbats that Young, the saucy newcomer, delights in throwing at his fellow executives.

• More to Come—Railroaders also point out that Young still hopes that the Supreme Court will reverse the lower court decision in the Pullman divestment case and give the nation's sleeping car business to him (BW-Mar.9 '46,p.7). They suspect that his attacks on the way other roads handle their passengers are intended to build him up as the ideal man to take over the Pullman Co.

Whatever his reasons, Young doesn't propose to give the rest of the industry any peace, even if it follows his suggestions on reservations and ticket sales. Already he is preparing another blast to follow the black market advertisements. His subject this time: tipping dining car employees and Pullman porters.

COURT ACTS IN GLASS CASE

Frank C. Kniffen, Toledo, referee in bankruptcy, has been named by U. S. District Judge Frank L. Kloebe, Toledo, special master to determine the royalties the Hartford-Empire Co. may charge for use of its patents by other concerns in making glass container machinery. The court acted after government attorneys and Hartford-Empire representatives had failed to agree upon a special master.

Since the Supreme Court's decision against Hartford-Empire Co. and others on charges of violating the antitrust act (BW-Jan.13'45,p.20), the royalties charged have been a percentage of the aggregate price paid by the buyer of the glass-making machines. Such a procedure will be followed until definite royalties are fixed by the special master after hearings to start soon. A distribution of impounded royalties was made in November, 1945, by a court order.

Three days prior to naming Kniffen as special master, Judge Kloebe had approved purchase by Owens-Illinois Glass Co., a defendant in the antitrust case, of the business and assets* of the Kimble Glass Co., manufacturers of glass tubing and cane. Negotiations on the \$25-million transaction had been going on for several months.

The court's order specifies, however, that Owens put Kimble's Chicago Heights plant up for sale as a going concern for a period of three years. This condition apparently is based on the theory that retention of this plant by

Owens might violate the Hartford-Empire decree because, unlike the other Kimble plants, Chicago Heights could be shown to be a competitor of O.-I. in the container business. Hartford defendants were prohibited from acquiring competing facilities.

Daylight Saving

Repeal of federal war time leaves summer clock tinkering up to states and cities, and practice now varies widely.

With the first postwar summer, a peacetime business hazard is back—daylight saving time. When Congress repealed war time, it returned the problem to the individual states and municipalities, and they have reacted to it in their usual haphazard fashion.

• In Industrial Areas—For the benefit of businessmen whose interests are nationwide, the Commerce & Industry Assn. of N. Y. surveyed the geographical extent of daylight saving. With only a couple of exceptions, the association found, its observance is confined to the industrialized Northeast and Middle West. Here is a summary of the findings:

Six states observe daylight saving on a statewide basis, in rural as well as urban areas—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, and Rhode Island.

In six states, all major cities (over 50,000 pop.) plus many smaller cities use daylight saving—Delaware, Illinois, Kentucky, New York, Pennsylvania, and Vermont. Indiana also falls in this class with the exception of the city of Evansville.

• Local Option—In nine states in which the individual communities have local option, only a few of the larger municipalities have taken advantage of it. The lineup in this category is:

Florida: Miami, Miami Beach, St. Petersburg, West Palm Beach.

Kentucky: Covington, Lexington, Louisville, Owensboro.

Louisiana: New Orleans.

Maryland: Hagerstown.

Minnesota: Duluth.

Missouri: Jefferson City, St. Louis.

North Carolina: Winston-Salem.

Ohio: Steubenville, Warren, Youngstown.

Virginia: Norfolk.

West Virginia: Parkersburg, Weirton, Wheeling.

The other 26 states and the District of Columbia are all on standard time either by state law or because no community, so far as the association has been able to discover, has taken advantage of local option.

Tools for Peace

UNRRA's program for industrial recovery in liberated nations calls for huge quantities of American equipment.

A healthy proportion—about 20%—of the United Nations Relief & Rehabilitation Administration's kitty of more than \$3,500,000,000 is earmarked for industrial rehabilitation. And the United States, as both the largest contributor to UNRRA and the biggest producer of industrial goods, will provide 68% of the equipment and raw materials required by the agency's industrial program.

UNRRA's tentative plans for industrial aid through the end of this year aggregate \$693,000,000, but this figure includes orders placed for later delivery. At the end of March, total shipments amounted to \$203,000,000, while commitments at that date were \$480,000,000.

• **For Self-Help**—The chief objective of the industrial rehabilitation program is to restart the wheels of industry essential to a minimum economy. It is expressly precluded from basic reconstruction or expansion of any nation's economy. A slogan in UNRRA is, "Help liberated areas to help themselves." Thus raw materials and repair parts are of primary importance, and replacement of equipment is undertaken only where production otherwise cannot be resumed.

Rehabilitation plans through the first half of 1946 are fairly exact, but delivery trails a considerable distance behind firm commitments to manufacturers. Orders totaling \$480,000,000 at the end of March were allocated among the various categories of the industrial rehabilitation program in the following percentages:

Transport and communications....	43.5%
Public utilities.....	4.8
Building repair equipment.....	7.7
Mining and quarrying equipment..	2.2
Machine repair equipment.....	6.7
Consumer goods processing equipment	.1
Fuels and lubricants.....	15.6
Miscellaneous consumer goods.....	.9
Raw materials.....	14.1
Miscellaneous and military surplus..	4.4

These orders were distributed among the supplying nations in the following manner (millions of dollars):

United States.....	\$326	68%
United Kingdom.....	94	19.5
Canada.....	27	5.5
Australia and New Zealand	11	2.5
Other countries.....	22	4.5

• **War Surplus Used**—Nearly \$114,000,000 of the U.S. share was spent on

overseas military surplus procured for UNRRA. But even invaded countries have contributed to UNRRA's industrial recovery program: Last year Poland supplied 100,000 tons of coal and 30,000 tons of cement to its neighbors.

An idea of the scope of the recovery program can best be gained by examining the specific categories of supply and their destination.

Transport and communications supplies include trucks, jeeps, tires, bridge-repair materials, spare parts, locomotives, freight cars, water craft, ship and shipyard spare equipment, cargo-handling devices, aircraft and parts, and telephone and telegraph equipment and maintenance supplies.

• **Automotive Equipment**—Under the program planned tentatively through 1946 tens of thousands of trucks, jeeps, and tank trucks are being supplied—chiefly from surplus dumps in Europe. The total load-lift or carrying capacity of motor vehicles supplied will be (in tons):

Poland.....	43,000
Czechoslovakia.....	32,000
China.....	17,000
Italy.....	3,000
Albania.....	1,000
Ukraine.....	1,000

Yugoslavia has already received 10,000 motor vehicles. Most of those supplied are jeeps, but box and dump trucks of from 1½ to 7 tons are also being provided in quantity.

• **Railways and Utilities**—Locomotive shipments are going to China (200), Poland (120), Czechoslovakia (75), Yugoslavia (65), and Greece (15).

Freight cars are going to Poland (4,500), China (3,500), Czechoslovakia (2,700), Yugoslavia and Greece (each about 570).

Public utility rehabilitation includes power plant equipment and repair materials and water, gas, and sewage system repair and maintenance supplies. Of

orders in this category, amounting to \$34,000,000, the largest shares will go to the Ukraine (\$11,000,000), China (\$7,500,000), Yugoslavia (\$5,000,000) and Poland and White Russia (each about \$4,000,000).

• **Other Supplies**—UNRRA has placed firm orders for \$47,000,000 in construction tools, building materials, and building repair equipment and has shipped about \$6,000,000 worth.

Rehabilitation of mines and quarries has been allotted a scant \$16,000,000 to date, with Poland and Czechoslovakia booked for most of the equipment. Of about 9,000 metric tons of supplies scheduled to be ordered for Poland by the end of this year, fully a third will be oil-drilling equipment.

Machine repair parts and equipment orders valued at \$18,000,000 will go largely to Poland (\$5,700,000), Yugoslavia (\$5,500,000), and Greece (\$2,700,000).

• **Fuel Famine**—In coal-short Europe the movement of UNRRA fuels plays a critical role. At the end of March nearly \$30,000,000 in coal, oil, gasoline, and lubricants had been shipped and an additional \$33,000,000 was on order. Italy takes the lion's share (57%), and Poland, Yugoslavia, and Czechoslovakia will each receive 10% of the total of \$63,000,000 on order.

Materials and engineering stores—including iron ore and semifabricated iron, tin, copper, lead, chemicals, rubber, and lumber—rank second (after transport supplies) in UNRRA industrial rehabilitation supply programs. At the end of March, \$26,000,000 had been shipped, and \$70,000,000 worth was on order. Fully 37% is on Italian account, with Czechoslovakia to get 20%, and Yugoslavia and Poland each about 10%.

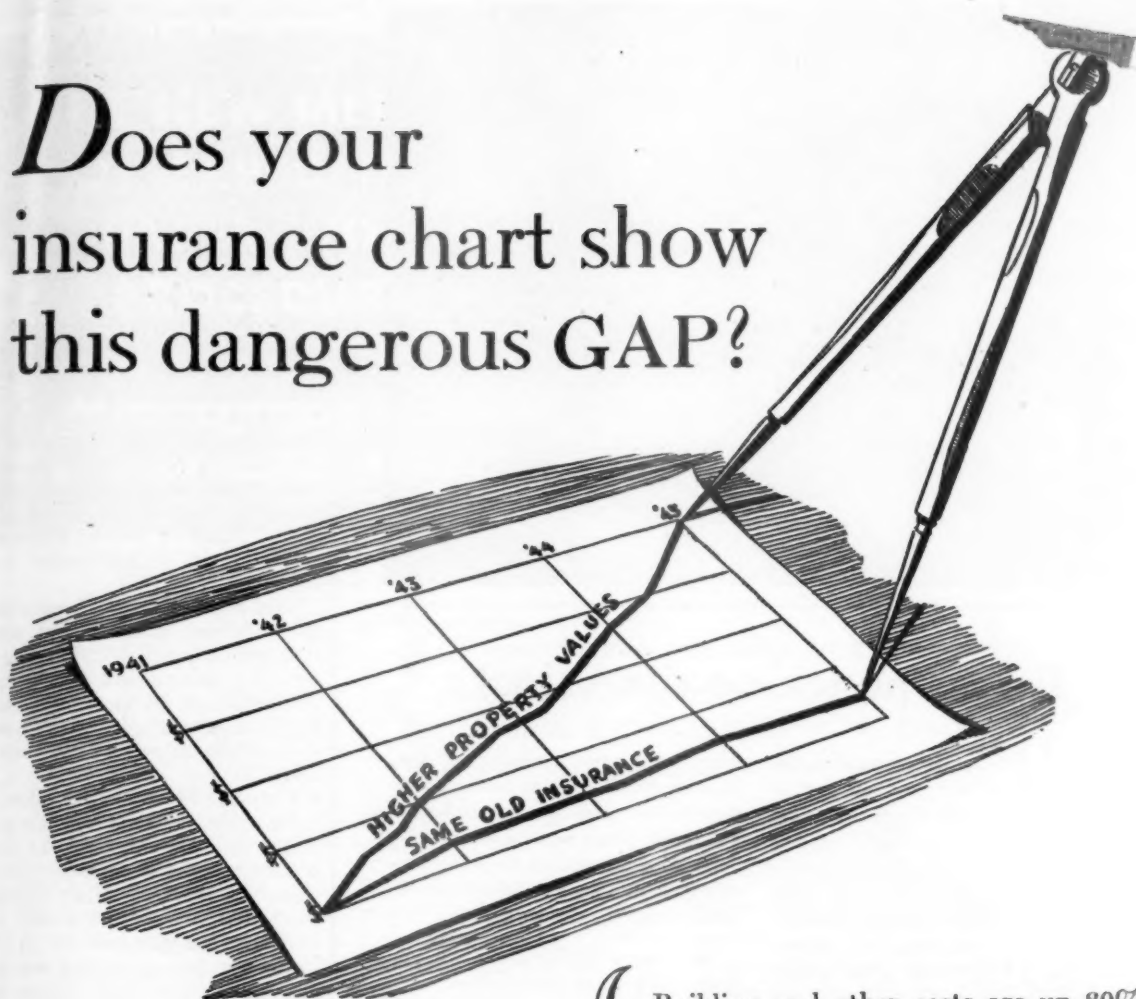
• **Industrial Big Three**—While the U.S. has been given 68% of the orders for industrial rehabilitation, more than one-

HYPOTHETICAL ASSEMBLY

Detroit was highly interested in this first picture of the Kaiser-Frazer assembly line—and amused, too. Auto men pointed out that assembly will really be telescoped into typical "Kaiser miracle production" if it is done as the photograph indicates. Apparently at the Willow Run station in the foreground, the frame is turned over, wheels installed, engine mounted, gas tank installed—simultaneously. Other companies might allot three stations or so to that work, require an overhead sling to reverse the frame, conveyor lines for parts, and power tools—none visible here.



Does your insurance chart show this dangerous GAP?



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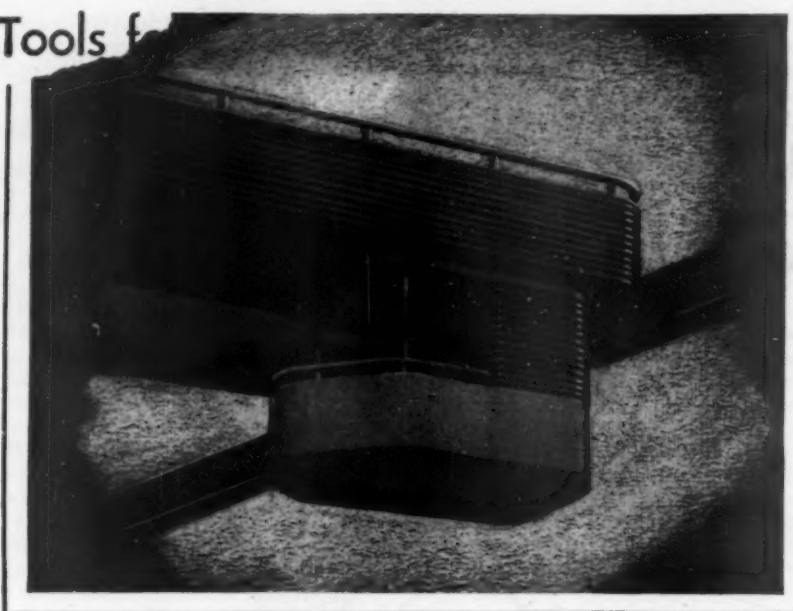
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Brains punch no time clocks

Our engineers and designers do a day's work of things that *must* be done, but no whistle blows to shut off their minds. Against a background of nearly sixty years of the Company's crane building, with the inspiration that their Company was first (and intends to stay first), they think, dream and plan for the crane of the future.

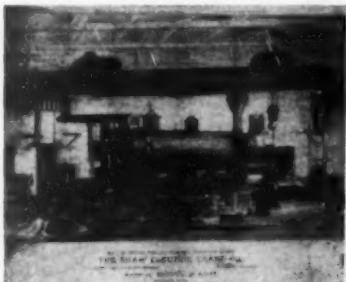
There will be no miraculous conception of a new idea, born overnight, and pencilled on a drawing board the next morning, in its entirety. No!

The crane of the future will be built from the sure foundation of the past

with all that modern science, engineering and metallurgy can contribute to men forever seeking what is better. The rough sketch we show you is being done in metal, not as anything ultimate, but as a big step forward in the evolution of the electric crane.

What we would like it to say to you is this: If you need cranes now, write to us, for, with the standard current model 'Shaw-Box' Cranes you may be sure of reliability, safety, long life, low operating costs, high quality—and above all, the forward-looking ideas our engineers are constantly embodying in practical designs.

• • •



This picture shows "Shaw" Crane No. 3, fifty-six years old and still working daily. (We still supply replacement parts.) The first multi-motored electric traveling crane was designed by A. J. Shaw, the founder of the Shaw Electric Crane Company—the parent of the Shaw-Box Crane Division of Manning, Maxwell and Moore, Inc.

Send for Catalog No. 214



SHAW-BOX Cranes

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Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

third of its deliveries will come from military surplus. Of the \$209,000,000 being spent by UNRRA on transport and telecommunication facilities, for example, \$77,000,000 of the U. S. share of \$125,000,000 will be expended on surplus.

The United Kingdom's share in supplying industrial rehabilitation so far is \$94,000,000, with about 50% of this in orders for transport equipment. Britain will provide \$20,000,000 in raw materials and engineering supplies (compared with a share of \$35,000,000 for the U. S.).

Fully 80% of the Canadian share in transport and communication supplies valued at \$19,000,000.

• **Technical Aid**—An important new feature of the UNRRA program is a plan for providing technical aid and instruction to facilitate industrial recovery. The agency is tackling the job of selecting special teams of trained personnel from an Industrial Rehabilitation Service branch.

The plan calls for 78 specialists in the following fields: inland transport (10), public utilities (5), building industry (30), mining and fuel enterprises (5), metallurgy (2), mechanical engineering (10), production management (4), and other unspecified industrial experts (11).

• **Training Materials**—In addition to these teams, designed to tackle rehabilitation problems submitted by liberated countries and judged important to recovery by UNRRA, other training and mechanical aids will be made available.

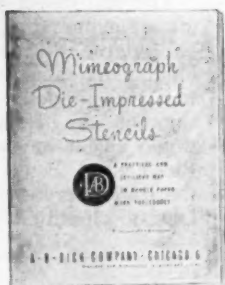
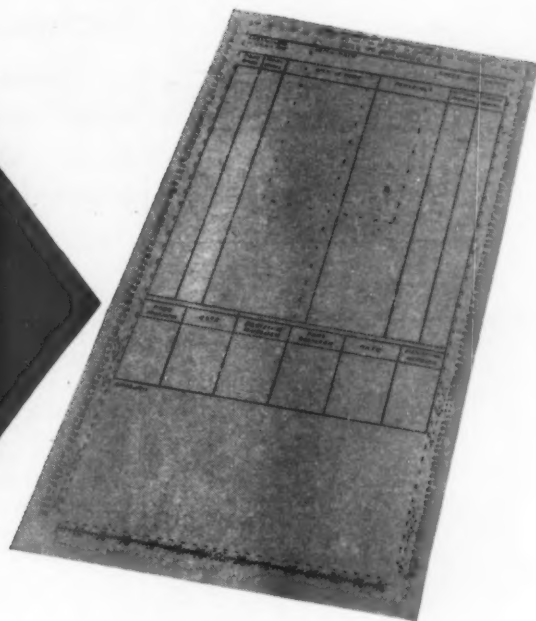
A tentative plan calls for \$1,750,000 to be spent on engineering instruments, laboratory equipment, testing apparatus, and other special equipment. About \$80,000 is to be used for motion picture films and projectors for training workers in liberated nations. Nearly \$300,000 is allocated for printed instructional materials.

• **Benefits to U. S. Business**—American business has a special stake in this latest venture of UNRRA, so far as it will supply many industrial films, manuals and catalogs of U. S. manufacturers. UNRRA officials quickly admit that the most important benefits accruing to U. S. business from the whole industrial rehabilitation program—in addition to the large sale of American machines and equipment—are (1) greater familiarity with American methods and equipment and (2) long-lasting income from replacement and repair-part sales to countries supplied with U. S. products.

In this connection, it is often forgotten that a major portion of UNRRA industrial aid is going to areas, particularly in eastern Europe, where the U. S. has had only unimportant equipment markets and where the former dominant supplier—Germany—may never again be an important rival.

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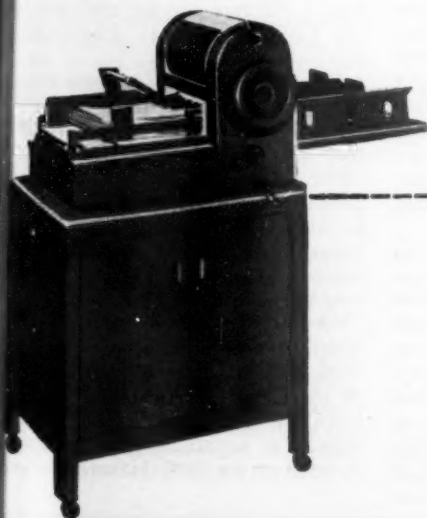
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This Pfaudler tilting autoclave typifies the many ways Pfaudler glass-lined steel is adapted for severe service.

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Practically no other material of construction lends itself so economically to such a variety of designs and corrosive services as Pfaudler acid-resisting glass-lined steel. This 5-gallon tilting autoclave is a typical example of adaptability in glass-lined steel.

Though basically patterned after thousands of larger units, service and operating conditions required special design. The steam jacket is built for a pressure of 90 pounds per square inch; the kettle itself, 200 pounds. This service involved a high-duty stuffing box with rotary seal. An adjustable baffle also posed special seal treatment. The point is, Pfaudler made this unit chemically and mechanically adaptable for the service at reasonable cost.

Whether you require large or small corrosion resistant stills, reactors, storage or other liquid processing equipment, Pfaudler's 63 years of "glass-lined know how" assures you the most practical unit for the job. The Pfaudler Co., Rochester 4, N. Y.

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Inches Stay Oily

Federal agencies reluctant to aid conversion of pipelines to gas carriers despite help promised in coal famines.

The strike-born coal famine in the East has set up an offstage clamor for conversion of the Big Inch and Little Big Inch oil pipelines to natural gas. But the din is falling on deaf ears in the War Assets Administration. The surplus disposal agency still is sticking to its determination that the government-owned Texas-New York lines, into which the government put \$146,000,000 to foil the U-boats during the war, should be sold only for transportation of petroleum and petroleum products.

• **Conversion Possibilities**—Offers made for the properties indicated more interest in converting them to gas (BW-Mar.23'46,p7) than in restoring them to use as oil carriers, and this interest has been fanned by the coal situation. Those favoring conversion contend that if the lines were pumping a large volume of Texas gas into the Eastern Seaboard, shutdowns in many industrial plants and rationing of utility services in the area

would be considerably diminished. They also point to the relatively stable relations in the natural gas industry contrast to the chaos into which John Lewis periodically thrusts the coal industry.

The Surplus Property Administration's report on the two pipelines (BW-Jan.12'46,p19) concluded that conversion to natural gas lines was economically sound but subject to consideration of national security and the well-being of eastern coal and railroad industries.

• **Time Required**—WAA officials insist that sale tomorrow of either or both lines for gas transportation would furnish no relief for the present coal famine. The lines were built as oil, gas, carriers, and the time that would be required for their conversion, under present and prospective conditions of labor and materials, is an unknown quantity. The lines certainly would be available for service by next winter.

The real object of those promoting use of the lines for gas, as WAA officials size up the situation, is to obtain an immensely valuable right-of-way and not the physical properties. Ownership of the 1,400-mile right-of-way would enable any purchaser, who has the Federal Power Commission's authorization, to install additional pipe, increase capacity and develop new

Citizens Defend the Stately Trees of Boston

Boston civic organizations are preparing to appeal to the Massachusetts Supreme Judicial Court if the municipal administration pushes its plans for sinking a 3,500-car garage under the city's historic Common (BW-Apr.6'46,p21), which has been a public preserve for more than 300 years.

The Boston Common Society, veteran of many successful fights on behalf of the park's stately trees, has dug up an old statute that requires the city to allow the citizens to vote on the use of public land for street widening. The garage proposal was revived by Mayor James M. Curley and favored by the state legislature against the almost unanimous opposition of the Boston Planning Board and local traffic engineers.

• **Objections**—The garage would be a two-level structure with long subway approaches. Civic groups maintain that the necessary underpasses and passageways would increase costs to three or four times the legislative estimates of \$4,000,000 and that taxpayers ultimately would have to shoulder the burden. Land for the undertaking would be leased to Wil-

liam J. McDonald, industrial promoter, real estate operator, and long-time friend of Mayor Curley.

City engineers and planning board officials insist that decentralization of off-street parking facilities in small, scattered garages would avoid the repetition of past mistakes that made downtown Boston one of the most congested areas in the United States. The garage presumably would release 3,500 cars into the city's heaviest traffic streams at shop-closing hours.

• **Old Custom**—The Common Society's principal worry is that once detailed plans for the garage are drafted they will be expanded to include the entire area under the Common. The proposal might well be defeated in a municipal vote, since Boston's numerous tenement dwellers traditionally rush to the polls to prevent land takings from the Common.

Noting the "unusual speed" with which the state legislature pushed through the garage project, one of its members commented that "the legislators would be the chief beneficiaries of a parking place squarely in front of the State House."

Let's Get the Black Market's Hand Out of the Traveler's Pocket!

The underground sale of sleeping car space is a national scandal. The railroads cannot escape responsibility. The C&O Lines offer a solution that will kill the racket — if other roads will join.

If you travel very much, you must have run into a situation that is being reported by angry passengers all over America:

No space for sale at the ticket windows. Plenty of empty berths and rooms — when the train pulls out. Often you can't get a ticket through legitimate channels. You can get one any time, by going to the "right" person and greasing him at the "right" price.

Here are just a few of the typical cases that have been reported to the C&O:

Mr. X. in New York, needing to go to San Francisco, asked what was the earliest moment at which reservations could be made. He was told 8:00 A.M. on a certain date. At 8:00 A.M. on that date he was in front of the ticket window — the first in line. When the window opened he was told the train was sold out. He managed to get accommodations to Chicago by paying black market price. In Chicago after hours of desperate effort he got space on the "Chief" — by paying \$20 extra a gouger. On board the "Chief" there was plenty of unoccupied space. The conductor explained that it was due to "last minute cancellations."

Mrs. K., a service wife, planned a little trip for her husband's furlough. Unable to get space, she tried the black market. Space was offered at double the normal price. She couldn't afford it. A travel agent offered her space if she would stop at a very expensive hotel — which, again, she couldn't afford. The K's didn't get their trip.

Miss Q. had an experience in a New York station. She was told cancelled tickets for her destination would go on sale at 10:00 o'clock. She waited a line more than half an hour. When the ticket was brought back, a man behind her held up some money. The ticket seller said there was no space for her. The line dispersed, but Miss Q. waited and saw the man with the bribe come back and instantly get his ticket.

These are not mere wartime experiences. People by the thousands are having them



today. And whether or not many railroad or Pullman employees are directly involved in the scandal, neither the railroads nor the Pullman Company can escape responsibility. For slipshod policing, and inability to see the need for reforms, leave the door wide open to racketeers.

What Becomes of All the Space?

Sleeping car tickets can be bought up weeks in advance — in "blocks" — by hotels, travel agencies, or by anyone who has the money to pay for them. There is nothing to prevent this space leaking into the black market except the honesty of the man who buys it.

The space is bought and paid for in advance, but, if it is not re-sold, it can be turned in for a refund up to the minute of train departure. Therefore, anyone who wants to run a black market in sleeping car space can do so without any financial risk.

Reform Agitated Since 1943

For more than three years the C&O has been trying to get other railroads and the Pullman Company to agree to action that would kill the ticket racket. Lame duck excuses have let the black market grow and flourish while the railroads lose revenue.

Simple Remedy Would Help Greatly

The C&O proposes that all "block" sales of sleeping car space be stopped at once. All space should be reserved or sold in the name of the individual who intends to use it. Tickets should be non-transferable. Hotels, travel agencies and business houses could follow their present system, except that the space would have to be reserved or sold in the name of the individual passenger.

The Airlines do it this way, and they have never had a black market!

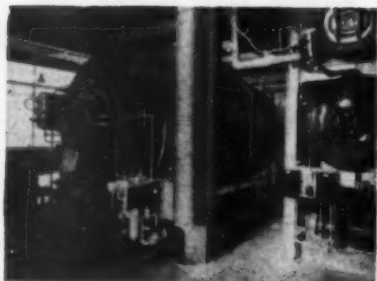
What You Can Do

If you no longer want to tolerate the greedy hand of the black market in your pocket — or be content with a refusal of space when you know that many berths are empty — write to your newspaper. If enough Americans will ask the support of the press, the ticket racket — like the "Chinese Wall" that blocked through service at Chicago and St. Louis — can be broken.

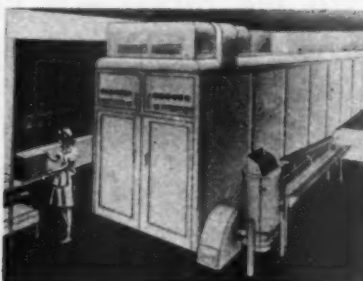
Chesapeake and Ohio Lines

Terminal Tower, Cleveland 1, Ohio
CHESAPEAKE AND OHIO RAILWAY
NICKEL PLATE ROAD
PERE MARQUETTE RAILWAY

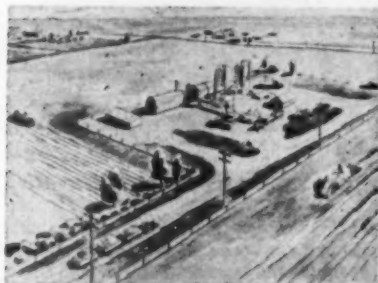
High Efficiency ENGINEERED AND BUILT BY Cleaver-Brooks



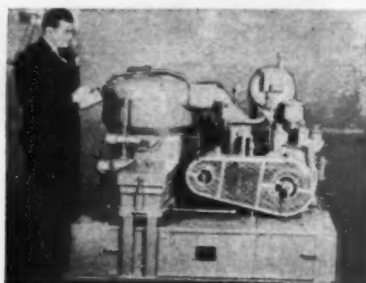
Both stationary and portable steam generators are made by Cleaver-Brooks. They are efficiently serving owners—here and abroad.



Processing equipment for economical food and feed production is another engineering and manufacturing activity at Cleaver-Brooks.



Heat generating and transfer equipment is built by Cleaver-Brooks for many applications in food, chemical and process industries.



High speed, high efficiency water distillation units, both portable and stationary, are another product of Cleaver-Brooks.



Oils and bituminous materials for highway and airport construction are rapidly and economically heated to application temperatures by Cleaver-Brooks equipment.

CLEAVER-BROOKS engineers are not fettered by tradition—their creative spirit is never chained by the static attitude of "it's always been done this way." If we have any tradition at all it is simply that a better machine, or a new machine, can always be designed and built that will do more work—better and faster.

We have broken many precedents in the field of heat generation and utilization. If you are concerned

with problems in this field, Cleaver-Brooks engineers would welcome the opportunity to work with you.

CLEAVER-BROOKS COMPANY, Milwaukee 12, Wisconsin
Builders of Equipment for the Generation and Utilization of Heat.

ern markets. The diameter of the pipe could be as large as 36 in., or again the 24-in. diameter of most sections of the Big Inch line.

• **No Early Action**—The War Administration does not consider approval by the Federal Power Commission of either of the two applications before that agency proposing conversion of the lines (submitted by Trans-Continental Gas Pipe Line Co., which wants both lines for oil and Big Inch Gas, Inc., which wants only Big Inch for gas) would be mandatory a sale to the successful applicant. WAA concedes, however, that if it sells the lines for gas, it will have to permit the purchaser to cancel if he fails to obtain an interstate certificate authorizing operation.

Meanwhile, the Power Commission is sitting on the two applications so far received. Its limited battery of natural gas experts is devoting all its time present to cleaning up prior dockets and preparing for the final hearing of FPC's nationwide natural gas investment (BW—Mar. 30 '46, p. 8) scheduled to begin June 17 in Washington.

CLOSURE FIRM SUED

The White Cap Co., Chicago, leading manufacturer of vacuum closures for glass-packed foods (85% of the market), has run into a government antitrust suit aimed at deleting tie clauses from its capping machine leases.

Paul M. Plunkett, company counsel, asserted that any tie-in provision was eliminated from the company's lease contracts more than four years ago, and that nothing in the leases today requires the use of caps of any particular manufacturer.

The Justice Dept. filed a similar suit several weeks ago (BW—Apr. 27 '46, p. 2) involving vacuum capping equipment leased by Owens-Illinois Glass Co. to coffee packers. That company subsequently announced that it had discontinued the tie-in provisions more than a year ago.

The suit against White Cap not only seeks an injunction against future tie agreements but would bar suits by White Cap for infringements of its patents on its caps and machines, on the ground that such patents were used to effect the allegedly illegal agreements. The Justice Dept. theory is that the cap business and the machinery business should each stand on its own feet; that otherwise competition is hindered in either field. It is acknowledged that where a patented cap is produced with a patented machine (the usual situation), the combination constitutes a legal monopoly, but even in such a situation, a tie-in requirement would be illegal, Justice Dept. officials contend.

Street Grows Ship-Conscious

American Export Lines' successful career under Lehman control is reflected in Big Board's current interest in its shares. Coming out of war with stronger fleet, company is planning stock split.

Despite a love of the sea evinced by tastes in movies and fiction, most Americans in recent decades haven't cared a hoot in a hurricane whether the nation had a merchant marine or whether it didn't.

National Maritime Day is customarily a tame affair, and its first postwar observance this week was no notable exception, although the government has spent billions since 1914 in an effort to build up American shipping.

A Matter of History—Wall Street's interest in the merchant fleet has been no more ardent, as a rule, than that of the general public. Not since 1902, when the elder J. P. Morgan merged British and American lines into the now-forgotten, never-successful International Mercantile Marine combine, has there been any big piece of maritime

financing. Few steamship stocks are listed on the Big Board.

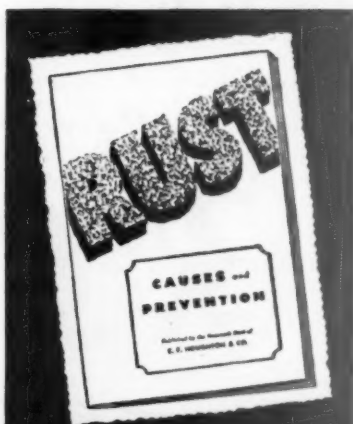
Not all the Street, however, has ignored shipping. A decade ago, the conservative house of Lehman Bros. acquired an important stake in the merchant fleet. It bought for a song all the outstanding stock of American Export Lines, Inc., then, as now, a leading United States operator of freight and passenger ships in the highly competitive Mediterranean, Black Sea, and Indian trades.

• **Source of Great Profit**—Lehman Bros. later distributed privately a new Export preferred stock issue. The house then handled a public offering of 88,000 shares of additional common stock at \$10.50 each. But it has held on to its control of the line and has profited greatly. Export common recently hit a



MANEUVERING FOR THE BIG PUSH

Coca-Cola, revising its top leadership, has elected as president 42-year-old William Julius Hobbs (right); Robert W. Woodruff (left), acting president during the illness of A. A. Acklin, continues as chairman of the executive committee; Acklin takes over chairmanship of the advisory committee. A former lawyer, Hobbs has served with the Reconstruction Finance Corp., the Defense Supplies Corp., as Coca-Cola vice-president, and since last year as head of Coca-Cola Export Corp. His most pressing task—when sugar is available—will be to carry out an extensive expansion program here and abroad.



STILL FIGHTING METAL'S WORST ENEMY

Houghton began the fight against corrosion of metals way back in 1869, when this company supplied its first rust preventive to the United States Government. Since then millions of pounds of Rust Veto and Cosmoline have been used to shield steel from exposure to air and moisture.

During World War II, proper packaging was an emergency study. Again Houghton played an important role.

Aside from producing the many needed varieties of preventives, we rendered valued service, both in the form of personal aid and manuals such as the two sketched here.

The most complete treatise ever published emerged from Houghton Research early in the war, and has been requested by government and industry for training programs. "RUST—Causes and Prevention," the 72-page book illustrated above, tells causes of

rust, how metals are cleaned, types of preventives, how to choose and apply them. A few free copies are still available if you request them on your firm's letterhead.

The fight against rust never ends. You can depend on Houghton for inhibited, proven compounds which meet peace-time metal problems of shipment or storage.

E. F. HOUGHTON & CO.
303 W. Lehigh Ave., Philadelphia 33, Pa.

Houghton-
CALLED FIRST FOR 81 YEARS!

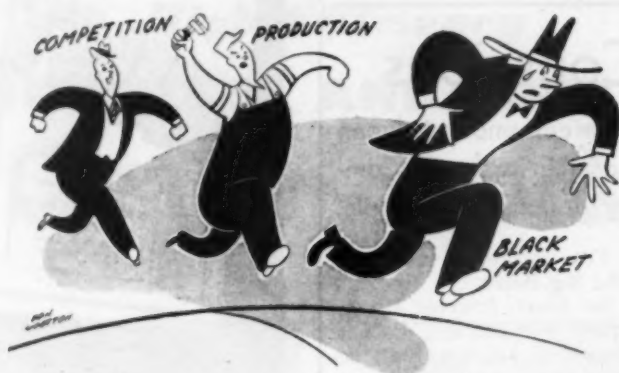


FIGURE YOUR OWN HANDICAP

Production has Black Market on the run. No question about that—a little more time will prove it.

Next, Production will catch up with Accumulated Demand. That will take a little longer, but it's coming.

Then for the finals, when Competition gets hot! Competition means prices and values—strong contestants.

Anybody who has something to sell will do well to think twice before raising his prices too high, regardless of what OPA says.

Remember, OPA is never a customer. It doesn't buy anything.

Customers, in the long run, determine price policies. If customers think prices are too high, they stop buying.

The best strategy is to set prices that attract business in competition. If costs are too high, get them down, by improved design, improved methods, better machines, more efficient distribution and better organization throughout your business.

That's the only program that will yield sustained profits.

Geo. P. Trundle Jr.
President



This organization of over a hundred trained engineers has twenty-seven years of consulting management engineering experience. We invite you to write for more information, or to request a personal interview in your office.

THE TRUNDLE ENGINEERING COMPANY

Cleveland, Ohio, Bulkley Building
CHICAGO, City National Bank Building, 208 S. LaSalle Street
NEW YORK, Graybar Building, 420 Lexington Avenue

peak of \$62.75 on the Big Board, and its dividends have averaged almost \$1.50 yearly since 1936.

American Export isn't an old-timer like the Grace, Matson, or United Fruit (BW—May 4 '46, p42) lines. It has had almost as colorful a career, however, since its inception a quarter-century ago to serve as the vehicle for the late Henry Herbermann's short-lived but spectacular career as a steamship operator.

• **Up From the Waterfront**—Herbermann, a Jersey City waterfront product and always proud of it, started out hustling freight in the local Pennsylvania R.R. freight yard, and in eight years became its chief clerk. He had greater ambitions. On borrowed money, he entered the trucking, warehousing, and lighterage field on his own. Finally he amassed enough war-earnings, and credit, to satisfy his real craving. In 1920 he became a steamship operator.

The government was beginning to suffer from a bad attack of maritime-indigestion. By 1920, the U.S. merchant fleet, which in 1911-14 had carried only 12% of our foreign trade, had grown to equal Great Britain's vast merchant flotilla as the result of a \$3 billion wartime shipbuilding program. The postwar period of marine prosperity was waning fast. Steel ship prices per dead-weight ton were soon to drop from 1919's \$110 level to only \$21.

• **In a Predicament**—Too much of the government-owned fleet consisted of ships that were too small and too slow. Moreover, American laws made it impossible to operate our ships as cheaply as foreign vessels, especially when competition for less and less cargo was driving rates ever lower.

Seeking a solution to its problems, the Shipping Board began allotting its excess ships to private operators, and paying them to maintain approved trade routes. Twenty-one ships were assigned to three services in the Mediterranean and the Black Sea. Seven of the ships were to be operated by Herbermann's American Export Lines.

All three operations lost money from the beginning—\$1,500,000 the first year, more the next. The Shipping Board then merged the three services and assigned them exclusively to Export. This cut the yearly loss to around \$750,000. That wasn't enough, and the board decided to sell the ships.

• **Lone Bidder**—Herbermann was the only bidder. His offer of \$1,062,000 for the 18 ships that were put up for sale (their war-inflated cost had been \$29-million) was immediately accepted. And so, in 1925, Export became a big-time steamship operator.

Before long, Herbermann was expanding Export's routes and sailing schedules. (He also began treating himself handsomely in the matter of salary

INVESTMENT PER EMPLOYEE IN PROPERTY, PLANT AND EQUIPMENT



\$22,600



FOR EACH EMPLOYEE ON THE PAYROLL Jersey and its consolidated companies have invested \$22,600 in property, plant, and equipment. The gross value of capital investments in lands, refineries, pipe lines, tankers and other properties necessary to provide 108,000 jobs was \$2,441,942,488 at the end of 1945.

WAGES AND DIVIDENDS

108,000 Employees Shared
\$314,042,000

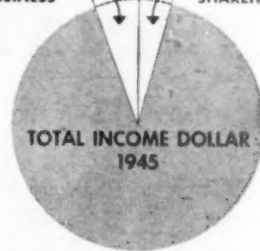
160,000 Owners
Shared \$68,334,000



EACH FIGURE REPRESENTS 6,750 PERSONS, and the bars represent the amounts of income each group received from Jersey in 1945. The sum of \$314,042,000 was paid to employees of the Company and affiliates in wages, salaries and benefits. Dividends amounted to \$68,334,000.

NET PROFIT

PUT BACK INTO THE BUSINESS 5.2% DIVIDENDS TO SHAREHOLDERS 4.2%



TOTAL INCOME DOLLAR 1945

THIS SHOWS THE PROPORTION OF NET PROFIT made by Jersey and affiliates out of total income in 1945. It shows also the proportion paid to shareholders in dividends and that left in the business to meet future capital expenditures, etc. All the rest of the income was required to pay wages, purchase materials and meet other operating costs.

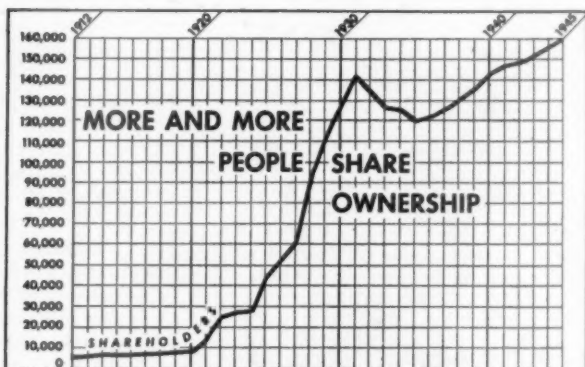
Marketing Everywhere, throughout the war, marketing activities were largely regulated by government directives, and when these were ended in the United States and in some foreign areas there was a rapid return to normal competitive activity. World-wide sales of refined products in 1945 were at the rate of 1,193,000 barrels per day, an increase of 4 percent over 1944. Of this amount 694,000 barrels per day were sold in the United States domestic market.

Research Until the end of hostilities Jersey research was almost entirely on war work of highest importance. Immediate postwar research budgets will be approximately 50 percent above prewar budgets as part of a program to carry over into a peace-time world research begun for war, and to continue scientific inquiries on petroleum as a raw material for many products.

Employee Relations Jersey and affiliates continued to enjoy excellent labor-management relations. When the war ended, Jersey's domestic petroleum affiliates proposed upward adjustment in wages and salaries of 15 percent. This was accepted by all employee bargaining agencies involved. By March 1, 1946, an additional 3 percent had been negotiated and accepted. One of the best evidences of the satisfactory employee relationships in Jersey is the fact that 95 percent of the domestic employees who have been released from the armed forces have returned to the Company.

More than 79 percent of eligible domestic employees are now buying term life insurance under the Group Insurance Program for a total coverage of \$160,241,800.

Employees participating in the Thrift Plan contrib-



WIDENING OWNERSHIP OF JERSEY is shown by the fact that the number of shareholder accounts has increased from 5,816 in 1912 to 160,025 as of December 31, 1945.

uted last year \$15,019,911, which was supplemented by Company contributions of \$18,921,235.

Earnings Consolidated net earnings in 1945 amounted to \$154,156,196, equivalent to \$5.64 per share. For 1944 the consolidated net earnings were equivalent to \$5.69 per share. During the year the Company paid dividends totaling \$2.50 per share.

Statement of Principles In order to make as clear as possible the Company's outlook in today's changing world, the Board of Directors has prefaced this year's Annual Report with a special *Statement of Principles*. This expresses, for our stockholders and for anyone else interested, basic viewpoints and policies of the Company.

[Copies of the full report are available on request. Address
Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.]

STANDARD OIL COMPANY (NEW JERSEY)
AND AFFILIATED COMPANIES

VENUS VELVET PENCILS ARE STRONG



This means that the lead is actually bonded to the wood. You can't buy better office pencils!

VENUS
-by the makers of the famous VENUS Pens
AMERICAN LEAD PENCIL COMPANY

and expense accounts, and had the company making hefty loans to himself for purposes other than shipping.)

He became a sturdy advocate of a strong merchant marine (to be obtained, of course, through government subsidies to private operators). Finally, after several years of losses, Export began to cash in.

• **A Fateful Contract**—By 1928, Export had a ten-year contract allowing it at least \$2.50 per sea mile for carrying mail. Its 1929 subsidy receipts exceeded \$1,000,000, and for that year, despite Herbermann's liberal takings, it turned in almost a \$600,000 net.

From then on Export's future was assured. The same 1928 contract, however, though profitable to the line, also

contained the seeds of Herbermann undoing.

Because of the contract, Export had to agree to build four 16-knot passenger ships (later to become known as its Four Aces). To help defray their cost, a \$6,900,000 interest-rate Shipping Board first mortgage loan, repayable over 20 years, was to be obtained.

• **Story of Four Aces**—By the end of 1931, the Four Aces were in service. They proved to be 17½-knot speeders also, and in recognition of this their mail subsidy was upped to \$1.50 a mile. This sharply hiked Export's subsidy receipts, and 1931 saw them at the \$1,620,000 level.

The depression, however, was getting

Ford Takes Over a General Motors Man

Generally ready for surprises, Detroit was caught napping last week end when the directors of Ford Motor Co. elected as executive vice-president Ernest R. Breech (below), president of Bendix Aviation Corp. Breech had been generally considered one of the top and coming men in the hierarchy of General Motors Corp., whose stock interests give it a compelling voice in Bendix direction.

Working directly with young Henry Ford II, president of Ford, Breech will correlate the strenuous efforts the company is making in production, engineering, development, and sales to regain the top sales position in the industry. Ford said Breech was selected for executive vice-president in line with the broad program of strengthening the company in every possible way.

• **Man From Missouri**—Small-statured, energetic, decisive in making his viewpoints known, Breech is an Horatio Alger story come true. At 49 he has risen far from his story-book origin as the son of the town blacksmith in Lebanon, Mo. At 20 he went to work as an accountant for Fairbanks, Morse & Co., in Chicago, and at 24, not content with qualifying in state examinations as a certified public accountant, won a gold medal in the bargain for his showing. Two years later he went on the General Motors payroll, became its general assistant treasurer in 1929, and a vice-president in 1939.

His interests during those ten years as a G.M. executive leaned toward the aeronautical. North American Aviation, Inc., in which G.M. has a major interest, made him its president from 1933 to 1935, and

he remains a director. He also served on the boards of Transcontinental & Western Air and Pan American Airways.

When General Motors moved to end the tenure of Vincent Bendix as head of the company he founded, Breech was a logical successor. He went into the Bendix presidency in February, 1942.

• **Selling Got the Job**—Striving to maintain Bendix sales volume at more than a shadow of its wartime self, Breech began strenuous efforts some time ago to do more business with Ford. In that campaign he talked often with young Henry Ford, and won his respect.

Breech leaves Bendix on July 1, but will remain a director for the rest of this year. He will be succeeded at Bendix by Malcolm P. Ferguson, who has been on the company's executive committee since early last year, and has been a vice-president since September, 1942.



Ernest R. Breech

Everything in Piping . . . for Packing Plants, for example

In a meat packing operation, there's piping everywhere . . . for steam, water, air, and refrigeration . . . more piping equipment for by-product handling.

In this rendering unit illustrates, here's another industry where the Crane line "fits to a tee." For every piping system, Crane supplies everything—valves and fittings, pipe and accessories.

Thus, for meat packing plants as for plants in all other fields, there's this 3-way advantage in standardizing on Crane piping equipment:

ONE SOURCE OF SUPPLY

Specifying and buying are simplified. Proper selection is assured by the world's most complete source of brass, iron, and steel piping equipment for all applications. One order to Crane covers everything.

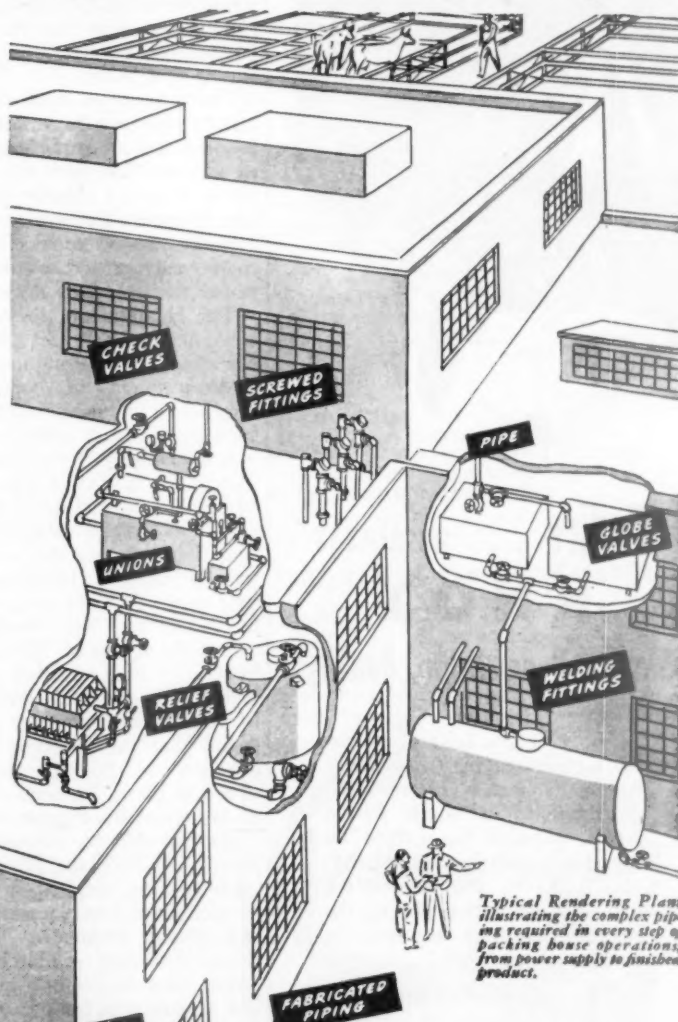
ONE RESPONSIBILITY

Undivided responsibility for every part helps speed the job and get the best installation.

ONE STANDARD OF QUALITY

Uniform Crane Quality in all materials means uniform operating efficiency and dependability in piping systems from end to end.

On new construction or replacement work—the more you use Crane service, the bigger the advantages. Crane Co., 836 S. Michigan Ave., Chicago 5, Ill. Branches and Wholesalers Serving All Industrial Areas.



Typical Rendering Plant illustrating the complex piping required in every step of packing house operations, from power supply to finished product.

(Right) FOR WIDE APPLICATION in packing plants, Crane recommends Standard Iron Body Globe and Angle Valves. Use for all working pressures up to 125 pounds steam. Brass-trimmed, all-iron, or with composition disc in sizes 2 in. up. In smaller sizes, specify Crane 150-pound iron body valves. See your Crane Catalog, pages 143 to 151.

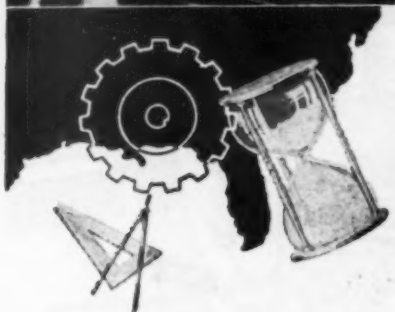


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For 47 years, faithful service has highlighted the steady progress made by **KNOX** throughout the industrial South. As the result, **KNOX** has gained an enviable reputation for dependable quality and outstanding value—a reputation placing the organization high among the leaders in the South!

The post-war months have seen **KNOX** making phenomenal strides forward! Each of the various divisions is developing new ideas and new products—new plants are being erected and new equipment installed. Yes, the progress of the **KNOX Corporation** is well worth your attention! Watch for dependable **KNOX** products—day by day, more and more are appearing on the market!



in its work. Cargo revenues by 1931 were averaging only \$47,500 per round trip as against \$60,000 in 1929. They were soon down to \$38,000, and 1931-32 losses more than wiped out Export's 1929-30 profits.

It was in 1931 that Herbermann defaulted on construction payments due on his Four Aces.

• **Under Scrutiny**—New York Ship, the builder, and two banks immediately demanded a second mortgage on the line as security. The new interests, worried about Export's current losses, likewise saw to it that Herbermann's operations from then on were supervised by J. E. Slater, partner of Coverdale & Colpit, noted transportation engineers.

For Herbermann, the worst was yet to come. In 1933, Congress opened its revealing maritime inquiry.

A recipient of bountiful federal largess, Herbermann was soon charged with extravagance and mismanagement.

• **A Reckoning**—It was pointed out that Export by mid-1934 was \$774,000 in arrears on government loans, despite its \$8,000,000 of subsidies since 1928, and that this past-due account almost exactly equaled Herbermann's salary plus expenses in the same period. It was disclosed, too, that Herbermann had personally borrowed \$200,000 from Export, and had collected an additional \$86,000 in dividends since 1928.

The second mortgage holders then heard that the Shipping Board might foreclose on its senior lien. This was the final blow. Herbermann was forced to surrender his Export stock, and was then demoted to vice-president. William H. Coverdale, senior partner of Slater's firm, stepped in and he has headed Export ever since.

• **Lehmans Persuaded**—The Shipping Board, however, wouldn't countenance shipbuilder control of a line so dependent on subsidies for a living. New York Ship had to offer the company for sale. When it found no takers, Coverdale got on the job. It was he who finally persuaded the Lehman firm to form a syndicate to take over Export by paying New York Ship \$1,260,000 for its second mortgage and a few extra dollars for its Export stock holdings.

Herbermann wasn't fated to see the splendid corporate structure his successors have built from the ruins of his venture. He dropped dead, ironically enough, in New York's Federal Building.

• **Overhead Slashed**—Coverdale then set to work cutting down Export's high overhead. His engineer's eye quickly saw that the line, by changing sailing schedules and operating practices, could do a better job with fewer ships. He promptly sold six, netted a \$500,000 profit, and within two years had cleared up all arrears on Export's government loans.



THE THIRD GRACE

J. P. Grace, Jr. (above), maintains family tradition as he steps into presidency of W. R. Grace & Co. international trading and shipping organization. He succeeds D. Sterling Iglehart, who died last week. The new 32-year-old president follows the footsteps of his father, J. P. Grace, and his grandfather, W. R. Grace, company founder. He had previously served as secretary, vice-president, and acting president of the company.

Out of the congressional inquiry that tripped up Herbermann came a new subsidy bill. Regular poundage rates, and ridiculously high rates for handling small amounts of foreign mail, have since prevailed.

• **How the Law Works**—Under the present maritime law, if a new ship is built to serve an approved route, part of the cost will be paid by the government. The operator is lent most of the rest on easy terms. If a new or old ship is run over such a route, part of its operating cost will also be subsidized to offset the sharply lower costs of foreign competitors.

Strings are attached, however, to make sure all subsidy payments go to build up a modern merchant fleet, and to fatten corporate bank balances. Officer salaries of a subsidized operator may not exceed \$25,000. Net profits more than 10% on the capital employed in subsidized operation cannot be paid out to stockholders. Neither can depreciation on a subsidized vessel (what is earned), nor the proceeds of insurance.

ilities or ship sales, where sub-
vessels are concerned.
erve Funds—All such "income"
be banked in two reserve funds.
s a kitty that can be drawn on

when things get tough. The other is to
provide for future purchase, repair, or
rebuilding of ships.
American Export, since Herbermann
was removed, has proved a consistent

MY BOSS SAID "THANK YOU"

(— IN CASH!)



I could have danced for joy! A
"Thank you" ... and a raise —
all in one day.

And all simply because I suggest-
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- ★ have many other uses

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3, 5, 8, 12, 20, 30, and 50 tons capacity.
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ply distributor, or write us.

HEIN-WERNER MOTOR PARTS CORP.

Waukegan, Wisconsin

The Bull Market—Postwar Version

Wall Street, the sounding board
the prevailing stock market opin-
of the nation's great mass of
security holders, has been lamentably
wrong in some of its predictions.
However, it's been right more often
than its critics admit. That it hit
the bulls-eye right on the nose with
"peace is bullish" verdict a year

ago is proved by this table covering
the performance of Standard & Poor's
weekly stock price indexes since V-J
Day (1935-1939 = 100).

Since the Japanese surrender last
August, 33 of the 57 individual
groups of common stocks listed have
shown advances ranging from 30% to
over 126%.

Index	Previous Market 1929	Bull Highs 1937	End of War	1945 Year-end	May 8 This Year	% Gain Since V-J Day
General Pictures	773.5	170.5	153.5	246.3	347.8	126.5
Alcoholic Beverages	178.3	135.8	223.2	383.4	474.3*	112.5
Department Stores	342.3	159.0	161.7	254.2	340.0	110.3
Building	130.4	132.1	134.3	179.6	232.4*	73.0
Power	274.3	237.4	185.8	266.1	311.3*	67.6
Drugs & Cosmetics	244.2	114.7	106.1	134.8	176.3	66.2
Utility Holding Companies	834.4	164.5	92.9	123.8	146.9	58.1
Printing & Publishing	621.9	168.4	178.3	246.9	280.5	57.3
Food Store Chains	413.1	120.0	147.2	182.2	229.0	55.6
Textiles & Apparel	250.1	153.0	184.7	244.4	287.1*	55.5
Paper	244.7	188.7	89.9	127.3	138.9	54.5
Fertilizer	347.0	163.0	168.2	235.9	258.5	53.7
Mail-Order Companies	255.3	144.2	154.9	188.9	236.2	52.5
Investment Companies	625.9	163.4	138.5	188.4	203.2	46.7
10¢, \$1 Chain Stores	205.4	131.0	105.0	122.5	151.3	44.1
Lumber Products	432.6	132.4	170.3	196.2	243.4	42.9
Baking & Milling	325.7	124.0	120.5	158.0	170.2	41.2
Office & Business Equipment	297.0	141.1	111.3	135.9	154.1	38.5
Mining & Smelting (Misc.)	161.4	159.0	78.5	99.5	107.7	37.2
Chemical	177.4	145.9	119.2	142.0	162.5	36.3
Iron and Steel	254.3	171.4	139.4	151.7	189.9	36.2
Copper and Zinc	164.1	170.3	101.3	118.8	136.6	34.8
Shipping	448.6	176.9	314.1	369.1	422.5	34.5
Leasing	158.0	158.7	127.3	152.3	171.0*	34.3
Tires & Rubber Goods	353.9	191.4	219.0	258.5	293.6	34.1
Leather	310.3	187.0	146.8	199.0	195.8	33.4
Household Furnishings	194.0	135.0	156.5	184.2	208.3*	33.1
Consumer Goods" Stocks	201.1	131.2	127.7	154.8	169.5	32.7
Industrial Stock Index	197.7	140.7	118.5	142.7	156.0	31.7
Chemical	167.7	128.7	111.8	129.2	146.6	31.1
Machinery	150.0	160.0	113.9	137.7	148.7	30.6
Steel	316.4	184.6	109.5	134.4	142.9	30.5
Metal Fabricating	504.5	196.7	122.5	149.5	159.3	30.1
Capital Goods" Shares	215.3	153.7	107.5	128.1	138.8	29.1
Weekly Composite Index	240.9	139.8	117.5	140.2	151.6	29.0
Air Transport	332.1	165.0	413.3	613.4	531.9*	28.7
Aircraft Manufacturing	385.4	140.7	119.7	168.0	151.7	26.7
Rail Equipment	290.9	176.3	116.3	142.1	144.9	24.6
Heat Packing	171.0	144.0	150.7	181.9	188.1*	24.8
Soft Drinks, Confectionery	68.1	131.1	126.1	151.7	156.9*	24.4
Soap & Vegetable Oils	205.3	122.6	120.9	135.9	147.8	22.2
Coal	897.2	150.9	179.4	214.5	218.5	21.7
Shoes	176.0	117.7	107.0	120.2	130.0	21.5
Containers	113.0	120.7	92.7	102.7	111.4	20.2
Utility Stock Index	386.0	136.0	107.4	120.2	127.7	18.9
Weekly Rail Stock Index	460.2	171.1	129.3	158.5	152.4	17.9
Utility Operating Companies	396.3	136.4	112.0	123.1	131.2	17.1
Finance Companies	97.8	139.8	93.0	98.5	107.5*	15.6
Radio	1,313.7	146.3	167.2	217.7	190.7	14.1
Auto Parts & Accessories	274.4	145.4	136.7	156.4	155.9	14.0
Tobacco Products	119.4	115.6	89.9	95.2	102.2	13.7
Sugar	165.7	144.0	119.5	143.2	135.4	13.3
Agricultural Machinery	194.1	177.1	128.8	144.4	145.1	12.7
Telephone & Telegraph	204.9	121.9	115.3	122.7	124.6	8.1
Automobile	210.6	146.4	137.4	159.4	147.2	7.1
Electrical Equipment	239.6	158.0	114.3	123.2	118.7	3.8
Gold Mining (U. S.)	96.8	90.1	99.7	87.6	87.6	2.7†

*—Above 1929 high. †—Decline.

OUT OUR WAY



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Just spread SOL-SPEEDI-DRI around . . . and immediately, you've got a carpet of safety underfoot . . . safe for walking . . . safe for working. Sweep up this white, granular oil- and grease-absorbent . . . and your floors are whistle-clean!

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OIL AND GREASE ABSORBENT



money maker. Profits in 1935-36, for example, ranged between \$581,000 and \$1,007,000. Worldwide preparations for the war sent 1939 net to \$1,430,000, the war itself sent profits soaring to \$7,681,000 the next year and to \$7,700,000 in 1941.

After Pearl Harbor, the War Shipping Administration promptly requisitioned the nation's merchant fleet, suspending all government-subsidized routes. Export's war role was to serve as one of WSA's principal general agents. It handled, as berth agent, the entire port and cargo operations on all ships assigned to voyages between North Atlantic ports and its old territories.

• **Formidable Job**—Export was also named time charter's agent for sea voyages of foreign-flag vessels, including the famous Swedish "exchange" Gripsholm. However, its job as WSA berth agent was the most formidable war job it handled, since even in 1938 it covered 954 sailings and 708,000 tons of cargo, compared to the 88 voyages and 522,482 tons of cargo Export handled in 1938.

Profits in the active war years were obviously sharply under their 1940 rates. However, they weren't at all low. Despite increased tax payments, \$5,800,000 was earned in 1942, \$1,450,000 in 1943, \$2,075,000 in 1944, and \$1,700,000 in 1945. By the 1945 year-end, the company could point to assets of \$6,637,000, including a fleet valued at most \$20,000,000, over \$5,100,000 in cash and government receivables, a special "subsidy reserves" of \$16,300,000 invested mainly in Treasury bonds.

• **Other Items**—The debit side revealed current liabilities of only \$3,308,000. Earned surplus, moreover, amounted to \$33,241,000, after deducting \$5,300,000 of past profits subject to possible Maritime Commission recapture without present subsidy agreements expire.

Export likewise had additional "hidden" profits of some \$4,000,000, since its present holding of a minority interest in American Overseas Airlines Inc., once a wholly owned Export subsidiary, was carried on the ledger at \$350,000, against its actual market value of \$4,424,000 at the time.

The war caused quite a change in Export's flotilla. It now actually owns 17 164-knot freighters and needs only one more to meet its subsidy commitment. All are new (its last War I Hog Island class freighter was sold in February), and none is mangled.

• **Three Aces Down**—Permanently mangled, however, will be its Four Aces. Three were sunk during the war and the other will remain in Navy service.

Export is considering replacing its Four Aces with three new 30,000-ton pack-

GENERAL ELECTRIC Announces...

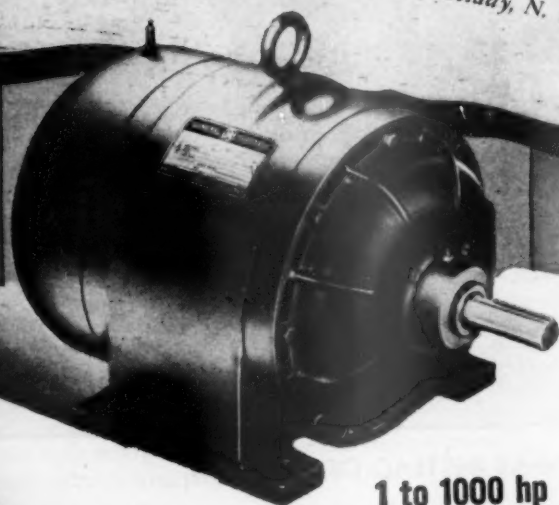
NEW

Totally Enclosed **TRI-CLAD** MOTORS

In 1940, G.E. introduced the Tri-Clad open motor—with emphasis on the feature that industry wanted most in a motor, *protection*. Since then, more Tri-Clads have gone into service than any other integral-horsepower motor.

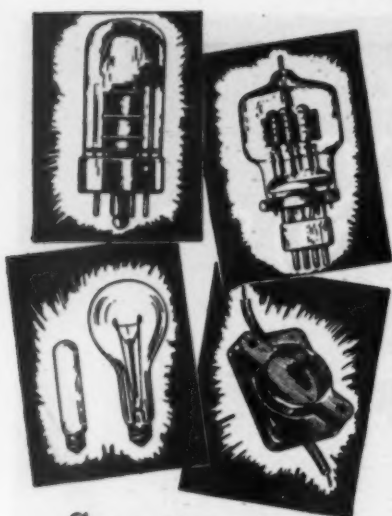
Today, we are ready with a new line of Tri-Clad motors—*totally enclosed, fan-cooled motors*—built on Tri-Clad design principles in both standard and explosion-proof types.

We believe that these are industry's most dependable motors. They are designed specifically for use in many adverse atmospheres—in iron dust, outdoors, in hazardous areas, and chemical atmospheres. Their scope of application is as wide as the field of industrial motor use. Safeguarded against most sources of motor damage, their longer life and lower maintenance will make them economical motors for use on almost every job. *General Electric Company, Schenectady, N. Y.*



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Water Coolers
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senger-freight liners. These would cost about \$15,500,000 each and could be delivered for service by early 1948.

All of Export's regular services are expected to be in operation very soon, with ten vessels working the Mediterranean area and eight the Indian trade. And competition isn't expected to be too severe for some time, because of the war's effect on former rivals and the huge postwar demand for freight space.

• **Stock Split Planned**—At Export's annual meeting last week, Executive Vice-President Slater thus saw a basis for "reasonable optimism" concerning 1946 earnings. Moreover, the company will soon ask stockholders to approve a 24-for-1 common stock split-up to assure its shares wider distribution.

The general maritime outlook, however, isn't all peaches and cream. A strike in mid-June (BW-May 18 '46, p.99) is threatened by C.I.O. marine unions.

Also, the Treasury Dept. may soon demand \$40,000,000 of additional taxes from the industry on the grounds that it lost its partial tax-exempt status while the government was operating all ships and subsidy payments were suspended. This involves \$1,580,000 in Export's case, and any extended litigation resulting might seriously effect the maritime trade's present shipbuilding program.

Not all the national legislators are satisfied with the present subsidy setup, or the ship-disposal bill signed by the President in April. This, too, could have some unfavorable repercussions later on.

Bad Bargain

Graham-Paige writes
Warren City Mfg. invests
possibly \$1 million. Company
was Frazer's corporate child

When stockholders of Graham-Paige Motors Corp. hold their meeting next week, the management may be asked some questions about the company's unhappy liaison with the Warren City Mfg. Co., the corporate child of John W. Frazer, who now is president and chairman of Graham-Paige.

The sad story of Warren City Mfg. was first told last month when Graham-Paige covered it in the prospectus for its new 4% debentures. It was repeated in the management's proxy solicitation for the coming meeting, and so stockholders have had plenty of time to read it over.

• **Where Money Came From**—Warren City Mfg. was organized Jan. 31, 1945, to work on Navy contracts at Warren, Ohio. The company started off with a stock issue of 500 shares, all of which went to Frazer for \$1 a share. Frazer kept 152 shares, sold 50 each to his wife and daughter, and sold the rest to various associates including the late and daughters of L. Boyd Hatch, executive vice-president of Floyd Odell's mammoth investment trust, Atlas Co.

Frazer and his associates lent \$500,000 to Warren City Mfg. All the cash of the company's assets came from



FOLD AWAY INSTEAD OF FLYAWAY

In a stunt reminiscent of Houdini or the circus, Cessna Aircraft Co., Wichita, Kan., shows how it packs them in—six at a time. The half dozen Cessna 140's lined up behind the truck are the equivalent of what's inside. Cessna says that the neat dismantling and packaging system, used to supplement the flyaway procedure, has the advantage of delivering ships on which only 10 hours are logged—at a lower cost than would be possible on single deliveries.



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"That means I can give my customers the same kind of merchandise — the same up-to-the-minute goods — that folks in the big towns enjoy."

"So you see why I figure that the railroad is in partnership with me, and with every other local merchant."

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Yes, throughout their whole exciting history, America's railroads have played

a big part in helping to develop community life and business.

Railroads are local business. They employ people wherever they run. They buy supplies in seven out of every eight counties of the U. S. They own property in every community they serve — and pay local taxes. In fact, as much as half the tax money received by many counties is paid by the railroads. And that can't be said of any other form of commercial transportation!

American railroads are working to im-

prove still further their essential service to the nation's people, to expand their partnership with the nation's business. The vast amount of new equipment required will be bought with railroad money, without federal, state, or municipal aid. For the railroads, like other local business, are self-supporting — neither asking nor expecting financial aid from other taxpayers. Safe, dependable, inexpensive — the railroads continue to be the backbone of America's transportation service.

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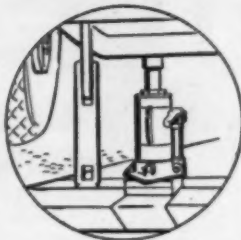
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Leading truck manufacturers furnish Blackhawk Hydraulic Jacks as standard equipment in tool boxes. Records prove that the majority of fleet owners and bus operators prefer Blackhawks.



Blackhawk Jacks are used as power units on a wide range of equipment. Exclusive pump-on-side design permits full power and travel in either horizontal or vertical position.



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You, too, may find that a Blackhawk Jack will give your product assurance of dependable field service. For complete information write Blackhawk Mfg. Co., 5300 West Rogers Street, Milwaukee 1, Wisconsin

Blackhawk Hydraulic Jacks are the choice of industry—for maintenance, production and construction.

BLACKHAWK

government in one way or another. The Navy leased it a plant for working landing craft and heavy machinery. The Reconstruction Finance Corp. provided it with a credit of \$4,000,000 guaranteed by the Navy. The company itself made no substantial investments in fixed assets.

• **Frazer Moves Over**—In August, 1946, Graham-Paige took over Warren City Mfg., and Frazer became chairman of Graham-Paige. The company insisted that the two events were entirely separate, and that Frazer's acceptance of the new job was not conditional on being bought out of Warren City Mfg.

In exchange for the 500 shares of Warren City Mfg., par \$1, Graham-Paige issued 150,000 of its own common shares. On the day the deal took place, Graham-Paige stock was selling for \$3.62½ a share, which means that Warren City stockholders got a total of \$543,750, at the going price. By May 29, 1946, Graham-Paige common was selling for \$12 a share, which would give a value of \$1,800,000 to the 150,000-share block.

• **Large Blocks Sold**—When the price was a little over \$10 a share, Frazer sold 15,000 shares of the block he got in his Warren City stock plus another 15,000 he had bought from the company at the same time for \$2 a share. This brought him \$310,749.53. His wife sold 27,500 shares (15,000 received in exchange for Warren City stock, 12,500 purchased at \$2 a share) for a total of \$292,149.21. His daughter sold 21,700 (15,000 in exchange, 6,700 purchased at \$2 a share, and 1,000 bought on the open market) for \$210,037.

At the time the recent proxy statement went out, Frazer still was holding about 30,000 shares, which at the current price would be worth something like \$360,000.

• **Graham-Paige Helps Out**—Meanwhile, with government credit no longer available, Warren City Mfg. had to raise its own capital. First it sold an additional 299,500 shares of stock at \$3 a share to Graham-Paige. Then it borrowed \$200,000 on a demand note again from Graham-Paige. In the meantime, it had been getting monthly advances from Graham-Paige, which added up to a total of just under \$200,000 in January, 1946.

All told, Graham-Paige put just about an even \$1,000,000 in Warren City Mfg., counting its original stock exchange with Frazer and the others at a \$300,000 transaction (150,000 shares at a value for purposes of the exchange of \$2 a share).

• **Writes Investment Off**—On Jan. 1, 1946, Graham-Paige sold all its common stock in Warren City Mfg. to Federal Machine & Welder Co., also of Warren, Ohio. The price was to be

value on Jan. 25, as determined subsequent audit. At the time of the sale, Graham-Paige thought that Warren City would have a worth of about \$350,000—a come-down from its once glowing prospects, still something. Since then, accountants have made a preliminary check and report that the company appears to have lost \$461,000 in 1945 and \$5,000 from Jan. 1 to Jan. 25, 1946. The interest of conservatism" Graham-Paige now has written off its entire investment in Warren City Mfg. as a total loss.

Transit Trouble

Chicago's offer for two traction lines wins approval of bondholders, but new wage demands multiply problems.

Another round in the 20-year-old fight for control of Chicago's bankrupt traction companies ended last week. The municipal Chicago Transit Authority (BW-Jun.16'45,p63) won on 100% of the bonds—by a vote of 100 to 0.

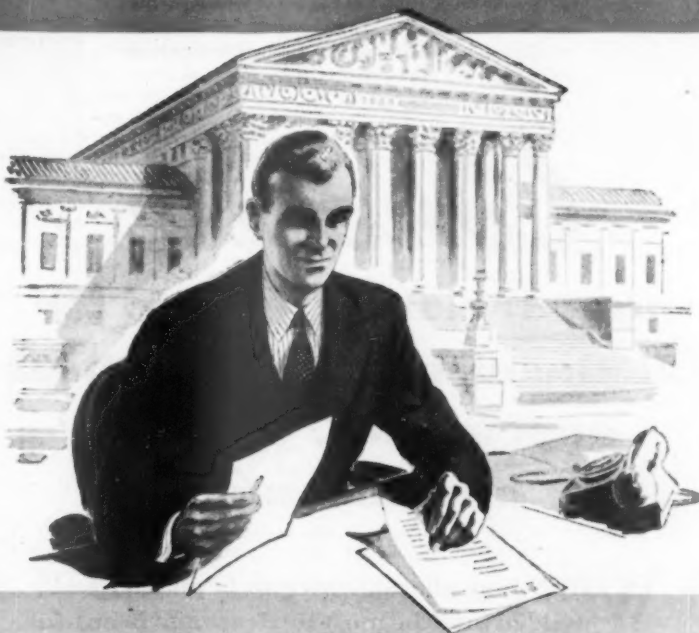
No Proxies—Holders of \$180,016,161 worth of securities of Chicago Surface Lines and Chicago Rapid Transit Co. (the EL) voted to accept C.T.A.'s offer of \$75,000,000 for C.S.L. and \$12,250,000 for the EL. The score: 97.53% of the bonds voted in favor of the sale; 2.47% against. This turnout represented 56% of total value of the securities. A remarkable thing about the vote was that security holders' committees were not permitted to exercise proxies.

Next round in the long battle will probably be fought at the October term of the U. S. Court of Appeals. Owners of \$19,313,541 in junior traction bonds (BW-Oct.13'45,p75) are expected to appeal decisions of the U. S. District Court and Securities & Exchange Commission which bar them from participating in proceeds of the sale. Value of the transit systems set by the district court and SEC leaves these bonds no equity in the properties.

Wage Troubles—Meantime, C.T.A. has run head-on into financing troubles of its own (BW-Feb.23'46,p66). It proposed an \$87 million bond issue to be secured by revenue. This looked good to La Salle Street traction specialists until the Assn. of Street & Electric Employees (A.F.L.) tackled C.S.L. for pay boosts of about 20%, retroactive to Mar. 17.

Estimates are that this increase—subject to approval by the Wage Stabilization Board—will increase labor costs \$7,500,000 to \$8,000,000 per year. Question: With this additional drain on earnings, would there be enough left

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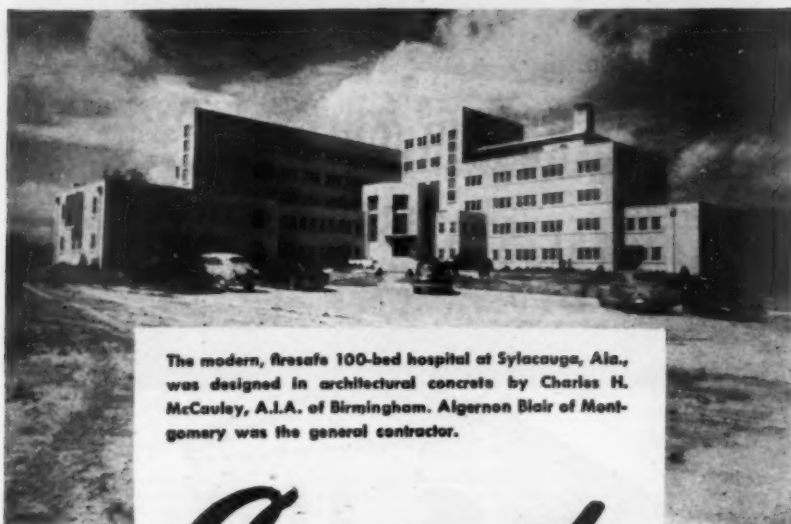
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to pay interest and amortize the bonds?

Apparently, C.S.L. doesn't think it is readying a petition to the Illinois Commerce Commission for a temporary fare of 9¢ and a permanent raise to 10¢. It believes this would take care of increased wages and another request from A.S.E.R.E. for increased pension to the tune of \$1,500,000 annually.

• **Anybody's Guess**—Further complicating the picture, the El and A.S.E.R.E. are negotiating wage increases expected to follow the C.S.L. pattern. This Chicago civic authorities on a spot their own making. Two months ago the city intervened when the El asked that its fare be raised from 10¢ to 11¢. Now, it appears that the increase, proved this week by the Illinois Supreme Court, is necessary to keep the El from losing any more than it has in the past. How the city fathers will get out of this one is anybody's guess.

Panhandle Row

New group of directors takes over oil concern after Rubenstein quits. Two "fired" officials remain on board.

Serge Rubenstein, colorful "refugee capitalist," has attracted much Wall Street attention because of his Panhandle Producing & Refining Co. operations (BW—Dec. 29 '45, p. 12). (2) some sensational litigation several years ago, and (3) recent federal charges that he had conspired to escape a draft. Although Rubenstein has sold his Panhandle stock interest and withdrawn from the company's management, the firm is still making news.

• **Trouble at the Top**—To succeed Rubenstein, Panhandle's directors had no time selecting 70-year-old Gerhart M. Dahl as president and chairman. Dahl is known well to Wall Street through his former banking, investing and utility connections. However, it was his first official connection with Panhandle, and his appointment did not sit well with many directly interested in the company.

This feeling involved both large and small stockholders and some company senior officials. It also soon led to the formation of a stockholders' protection committee, backed by Romeo E. Miller and R. C. Stanford, Panhandle vice presidents and directors, and headed by Morton S. Stern, partner in Bache & Co., a prominent old-line New York Stock Exchange member firm. The committee demanded a new deal.

• **Committee Gets Busy**—Dahl subsequently announced that Stanford and

... had been fired "by the unanimous vote of other directors—in view of their opposition."

This didn't faze the deposed officers of the committee. They charged that the management, and the management offered for election at last week's annual stockholders meeting, were Rubenstein "stooges" and they went to work securing proxies to elect their own candidates for the directorate.

Claiming that the committee and officers were using in their proxy solicitation an improperly obtained stockholder list, Dahl then tried unsuccessfully to join its use. All his other efforts proved unavailing. When the meeting was called to order the committee held proxies for 565,996 of the company's 5,407 outstanding shares. The Dahl group held only 70,111.

Dahl Walks Out—On learning this news, Dahl left the meeting and the arguments soon elected their entire slate of directors, all names new to Panhandle except for Stanford and Muller, the new president. The chairman of the board is G. Edward Buxton. Stockholders recommended that independent accountants be employed to check for possible misapplication of corporate funds over the last four years.

Rubenstein, whose draft case is expected to come up in federal court in May, continues to be front-page copy. Claiming that he had accumulated at least \$5,600,000 of liquid assets through security sales and might be preparing to leave the country, federal authorities have recently been trying to have his bail hiked from \$20,000 to \$500,000.

C UNBALANCES BUDGET

Securities & Exchange Commission officials took time out from their duties as watchdogs of the securities markets to admit last week rather sheepishly that their own budget had gotten out of whack, could not possibly balance at the end of the federal fiscal year.

To meet the situation, the 871 employees in its Philadelphia headquarters and 323 others in ten field offices were notified they would be given a one-day furlough without pay between May 31 and June 14. It was suggested that the furlough be taken on May 31, following the Memorial Day legal holiday. Since offices are closed on Saturday and Sunday, this would make a four-day vacation for workers.

A commission spokesman said that substantial unanticipated payments within the last few weeks made the commission necessary to avoid "over obligation" of the budget. Efforts to obtain supplemental funds were unsuccessful. For the fiscal year beginning July 1, Congress has approved a budget of \$4,700,000, as compared with the present year's total of \$4,651,000.

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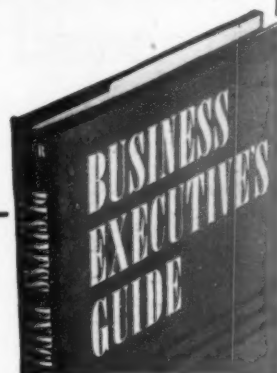
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PRODUCTION

Cemented Steels Are Perfected

Latest advance in powder metallurgy involves infiltration of molten copper into compact formed by pressing iron particles. Process uses low-cost materials, provides parts of high density.

Powder metallurgy, the manufacture of metals by pressing powdered components, has long since emerged from the realm of the experimental. In the war, industrial uses of such metals became legion (BW-Oct.28'44,p74).

Latest success in the field is the development of cemented steels. Such steels are produced by compressing particles of iron or steel until they form a porous compact into which copper is then infiltrated.

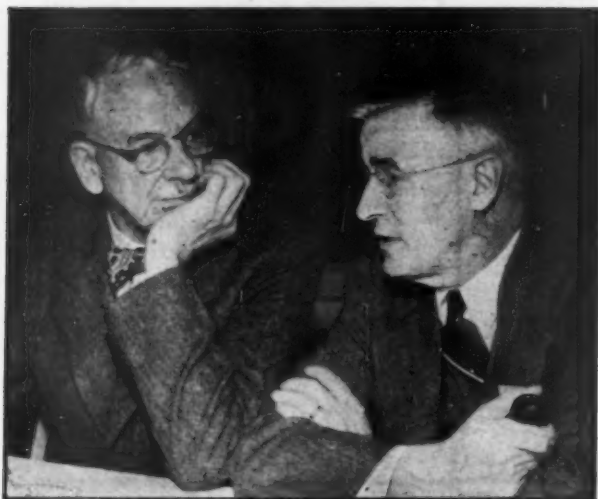
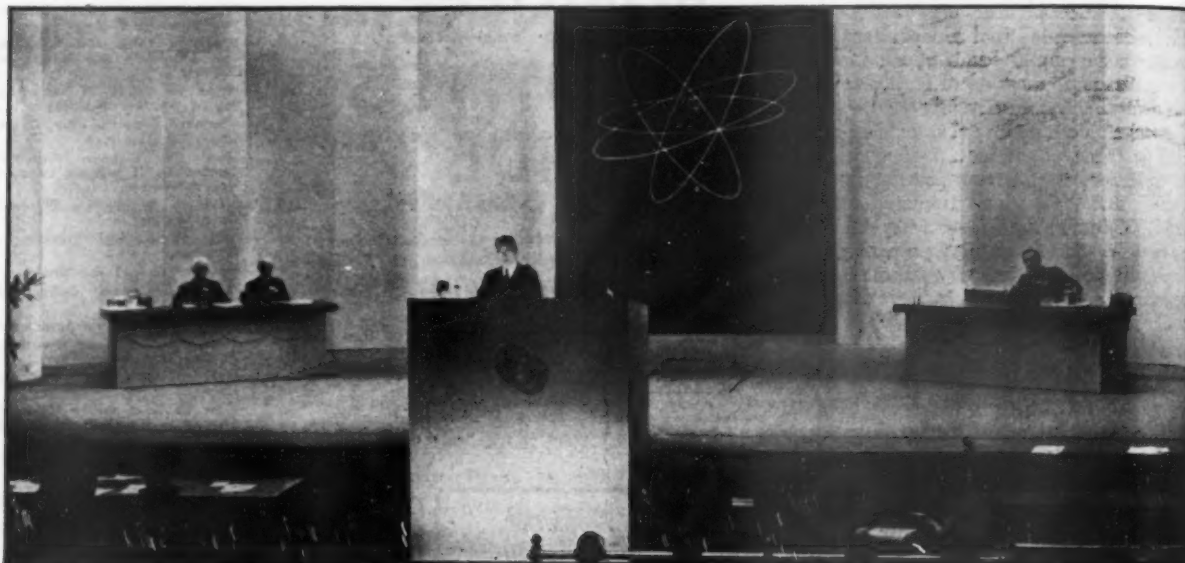
Essentially, the cemented steels recently perfected by American Electro Metal Corp. are another link added to an evolutionary chain of work which has been done with tungsten, aluminum, zinc, and other metals in powder form. Most notable is the resemblance of the new steels to the cemented carbides (BW-Dec.2'44,p52), but there is, nevertheless, an important difference between them.

The resemblance lies in the fact that,

in both cemented steels and cemented carbides, particles having a higher melting point are bound together by material having a lower melting point. In the case of the carbides, cobalt is usually the bonding material, whereas copper does the job for the cemented steels.

• **Introducing the Agent**—The important difference lies in the method of introducing the bonding agent. In making cemented carbides, the powder of cobalt is mixed at the outset with the tungsten carbide powder, and then the entire mass is pressed and sintered (baked). In making cemented steels the copper is not mixed with the iron or steel powder, but is introduced as a liquid, after pressing.

The method whereby the copper is infiltrated is comparable to the act of a flower pot drawing up water from a saucer. The water in the saucer represents molten copper; the compact earth in the pot represents the porous compact that has been made from iron



SUBJECT: SCIENCE AND THE FUTURE

Last week in Pittsburgh, Dr. Isiah Bowman (above), president of Johns Hopkins University, was one of a large company of men of science to discuss the relationship of their work to politics and peace. Slightly awed at what they had wrought for war, scientists and engineers at the George Westinghouse Centennial Forum (commemorating the 100th anniversary of George Westinghouse, founder of Westinghouse Electric Corp.) found a chance to proffer suggestions for controlling the new power of science—chiefly through world peace. One subject, atomic energy, pervaded the whole agenda, and was not infrequently the subject of informal discussions, like one between A. W. Robertson (below, left), Westinghouse chairman, and Dr. Vannevar Bush, chief of the United States wartime scientific high command.

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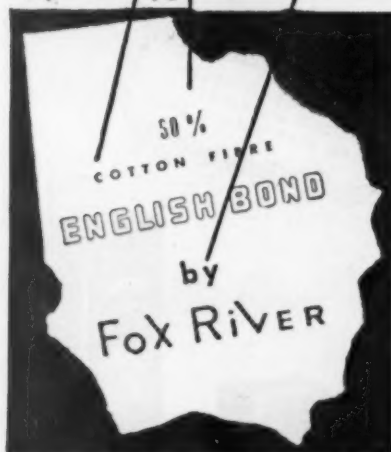
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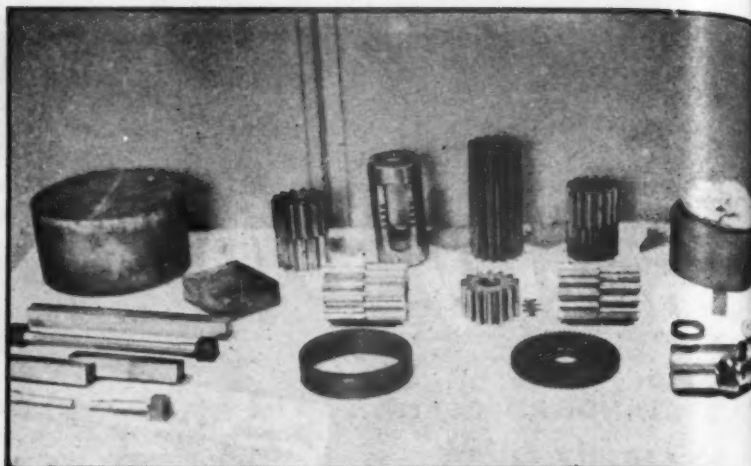
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Extremes in application of Sinter technique range from a heavy disk (left) to small rings. Possibilities in self-brazed parts are demonstrated by a long gear (center), made by assembling two pressed gears, combining them into a unit by infiltration. Another disk (upper right) has the alloy residue left after infiltration. This lifts off easily because during the baking the copper is separated from the iron by a layer of sand or inert material which does not fuse.

or steel particles. Capillary attraction does the job.

The actual technique requires furnace heating, with the compact in contact with the copper, to a temperature just above copper's melting point. This is usually done during the sintering operation that is needed to strengthen parts that have been shaped from the pressed powder.

• **High Strength, Low Cost**—Several important attributes are claimed for the resultant new metals, which are called Sinteels. One is that they make possible the production of very dense parts, of high mechanical strength, from low-cost materials at relatively low pressures.

In this, the Sinteels mark another advance toward a fundamental goal of powder metallurgy. Engineers and production men have always been intrigued by the powder-pressing process because of the possibilities it offered for making parts that are complex or unusual in shape to tailored specifications, with a minimum of machining and finishing. Constant efforts have been directed at utilizing lower-cost raw materials, cheaper dies, and lower pressures in the operation.

• **Ready for Brazing**—Another advantage of the Sinteels is that parts so produced retain the characteristics of both the copper and the parent metal. Because of their copper content, they can be brazed directly to other metals without use of additional brazing alloy. This makes possible the combining of sections to make complicated parts which could not hitherto be achieved in powder metallurgy. Thus die require-

ments are simplified, and operation speeded.

The copper content facilitates polishing, retards corrosion, and can provide bearing qualities for such mechanical parts as gears and cams. If desired, simple acid treatment can dissolve the copper from the face of the part to any given depth, and the resulting porous surface will retain lubricant.

• **Beginnings**—Historically, the techniques for cemented steels stem from beginnings made in 1916. In that year C. L. Gebauer of Cleveland foresaw the possibilities of using an infiltrant metal of low melting point to cement particles of another metal having a higher melting point. A series of patents was granted.

In 1922, H. Baumhauer proposed to infiltrate carbide skeletons with metal of the iron series. Cemented carbides were first produced in this country in 1928, using mechanical intermixtures instead of infiltration. And, recently, efforts have been made to produce copper-coated powders which would braze together during sintering.

• **Problems Encountered**—Among the problems which had to be solved, which now virtually are, was ascertaining proper particle size. Another was the tendency of pure copper and iron to dissolve in one another to some extent and form alloys. Also, proper timing of the baking operation to assure complete infiltration and good surface conditions had to be determined.

After four years' work on cemented metallic materials, C. G. Goetzl (who has spearheaded the research for American Electro Metal since inception)

project by Paul Schwarzkopf) believes that cemented steels are now ready for full-scale commercial exploitation.

Powder From Scrap—Present practice is to use low-cost iron or steel scrap, which can be pulverized to suitable particles without its becoming too fluffy. The category includes domestic reduced iron of low oxygen content and high apparent density, Swedish sponge iron, carburized steel scrap, decarburized iron shot, or combinations of these. Orders produced from these raw materials cost 8¢ to 12¢ a pound.

To get around the limitations of pure copper for infiltration purposes, a copper-base alloy is used. This contains about 15% of tin, silicon, chromium, and other materials which leach out during the baking operation. The alloy is available in cast form, as shot, or as a powdered preparation (to be compacted before use). Cost is in the neighborhood of 20¢ a pound.

Copper-Iron Ratios—Ratios of iron to copper in the cemented materials normally range from 75-to-25 to 85-to-15. (Some specials have been produced containing as much as 35% copper, or as little as 10%.)

Special alloys for infiltration where special strength or exceptional wear resistance is required are in prospect. In recent experiments, Goetzel has infiltrated powdered and pressed stainless steel with copper and silver.

The pressures required for compacting the iron particles vary according to the amount of copper that is to be infiltrated later on. A normal pressure requirement is 20 tons. The more copper desired, the less pressure is used.

Near Absolute Density—In all cases, the desired result is obtained without extremely heavy equipment. Tensiles as high as 185,000 psi. have been achieved, and the parts approximate absolute density.

The industrial role of the process is a supplement, rather than to supplant, other mass-production methods. With respect to size control, it is in many cases comparable to precision casting. But where very close dimensional control is desired, the higher pressures common to other forms of powder metallurgy must be used, perhaps followed by further pressing after sintering.

Other Characteristics—The surfaces obtained by the cementing process resemble those of die castings. If especial smoothness is wanted, subsequent finishing may be necessary. Corrosion resistance is at least equal to that of steel, conductivity is no better than that of steel, which means that the result is not too satisfactory as a contact material.

The field of wear resistance has not yet been explored. It must be remembered, however, that copper is soft, and



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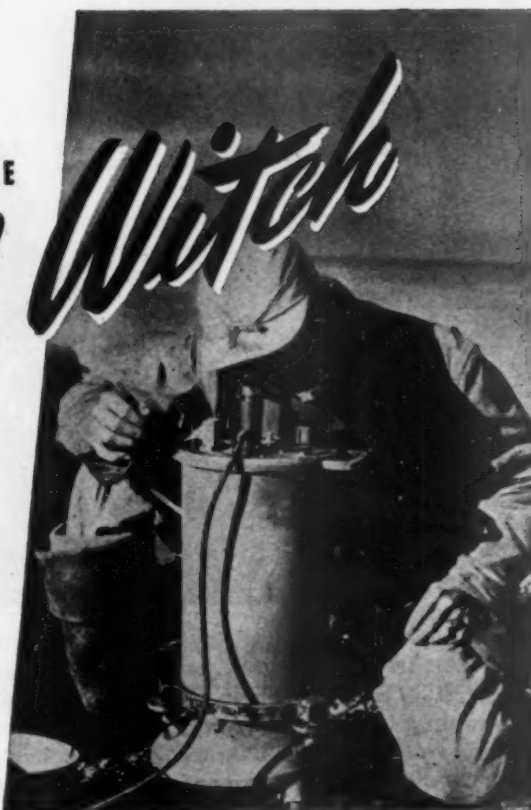


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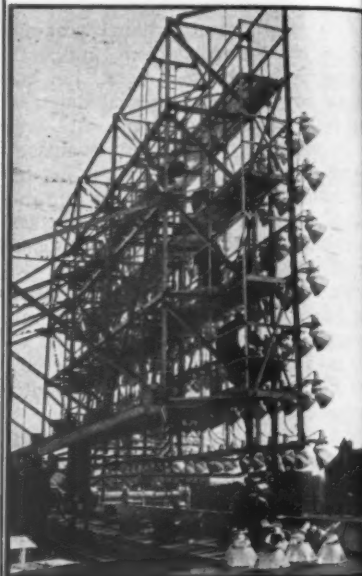
SPECIALISTS IN INDUSTRIAL CLUTCHES SINCE 1918

that therefore high hardness on the face may be spotty, depending whether the wear comes on the skeleton or whether it falls on copper-filled interstices.

• **Prospects**—Progress to date seems indicate that the process will be applicable for parts ranging from a ounces to 20 lb. in weight. It is economically more desirable in the sizes; die and press costs run high dense parts made by other powder metallurgy techniques. Conversely, the size of the part decreases, the filtration technique becomes more expensive on a piece basis, because of the constant cost of infiltration.

BACK TO SCHOOL

In a move to continue the wartime teamwork between industrial and academic scientists, Monsanto Chemical Co. announced last week that academic leaves would be granted to four of researchers each year. They will go to universities of their choice for a year work in research or refresher course. Selection of the four will be based on especially meritorious service and outstanding performance, and each will

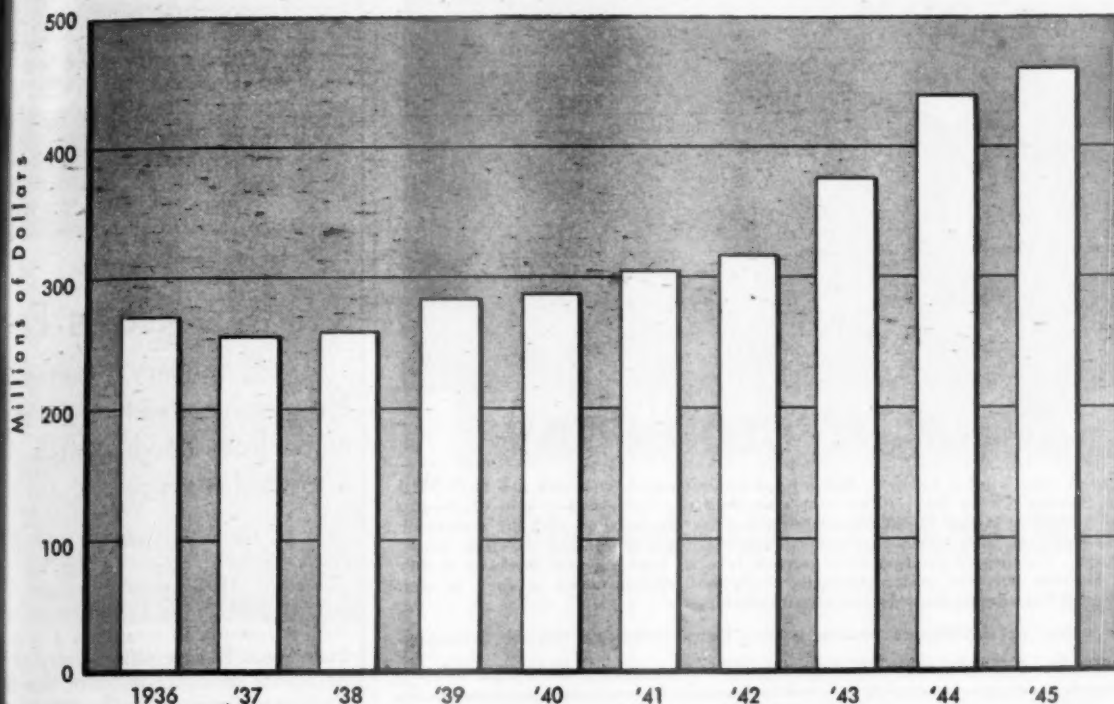


TO CATCH A FLY BY NIGHT

Atop New York's Yankee Stadium, a 30-ft. steel tower supports 216 General Electric sports floodlights. It is one of six towers that for the 1946 night baseball season will provide an even spread of 200 foot-candles—reported nearly double that of any other diamond. Equipped with heat-treated "impact-resistant" glass lenses, the spun-aluminum reflectors are adjusted by day by means of charts.

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FIRE LOSSES CONTINUE UPWARD



Data: National Board of Fire Underwriters.

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DESTRUCTION APPROACHES ½ BILLION ANNUALLY.

This simple chart pictures in an all-too-undramatic fashion the mounting disaster due to fire. Its upward trend signifies increased hazards to human life, increased business mortality (2 out of every 5 burned-out businesses never resume), and disruption of vital health and educational facilities. In the year 1946 the usual aftermaths of fire are magnified by the shortages which make replacements uncertain, if not actually impossible.

CAUSES OF MOUNTING FIRE LOSSES. The causes of this mounting loss are many—hurried construction, new hazardous materials, shortage of trained firemen, carelessness.

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An indication of the phenomenal growth of industrial research was cited by Hochwalt. In 1920, there were approximately 300 industrial laboratories with a total personnel of about 7,500 and a budget of \$30 million. In 1940, the number of industrial laboratories had increased to 2,350, employing 70,000 and expending over \$2 billion.

Texaco Goes East

Big refinery planned for Philadelphia area may get some crude from Saudi Arabia. Site is located strategically.

With the first crude oil from Saudi Arabia already beginning to flow into Western Hemisphere markets, an announcement by the Texas Co. last week that it intends to construct a large refinery near Philadelphia pointed to the possibility of direct entry of this Eastern crude into the domestic market.

• **Some for Argentina**—Arabian-American Oil Co., jointly owned by the Texas Co. and Standard Oil Co. of California already has started shipments to Argentina on a still-to-be-signed contract calling for total deliveries of nearly 3,000,000 bbl. in the next 18 months. Quantity movement still awaits determination as to whether Arabian-American will deliver the crude or the Argentine government agency will accept delivery at Ras Tanura, site of the company's refinery in Saudi Arabia.

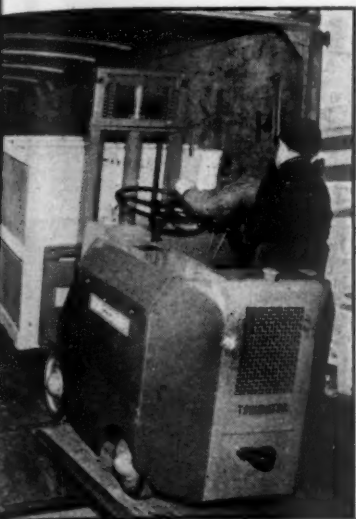
Texaco, with no major refining capacity on the Atlantic seaboard, spent two years selecting as a strategic location for its new refinery a 1,368-acre plot on the New Jersey side of the Delaware River opposite the Philadelphia naval base. • **Operation by 1948**—Beyond saying that a crude source was assured and conceding that Saudi Arabian oil could be utilized, company officials declined comment on the potential crude source. First unit of the plant is scheduled to be in operation in 1948, producing motor fuels, diesel fuels, and furnace and industrial fuel oils.

Texaco will have plenty of refinery neighbors at the Port of Philadelphia whose estimated 40,000,000 annual tonnage is already better than 60% petroleum. These include Socony-Vacuum Oil Co., Sun Oil Co., Sinclair Refining Co., Cities Service, Gulf Oil Corp., and Atlantic Refining Co.

NEW PRODUCTS

Short-Wheelbase Lift Truck

Five to twenty-one inches of standard wheelbase length have been saved by mounting the motor on the side in the Towmotor Model LT-35 lift truck. Op-



eration is possible in tight aiseways, small-size elevators, highway trucks, and freight cars. Built by Towmotor Corp., Cleveland, Ohio, the truck weighs 1,800 lb., can carry and stack 1,500-lb. loads. Wheelbase reduction to approximately 35 in. provides sharp turning radius for maneuvering.

Rubber Fuel Cell

During the war, self-sealing rubber fuel cells were extensively used in fighting aircraft. A peacetime counterpart now being produced by the B. F. Goodrich Co., Akron, Ohio, differs from the war product in that the self-sealing ply is omitted. Goodrich technicians state that the containers, which resemble overgrown football bladders, are lighter in weight than aluminum tanks, less sensitive to vibration, and easy to install through small openings in the wings and fuselage. Goodyear, Firestone, and U. S. Rubber are understood to have similar products in development.

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decals for nameplates, trademarks, instruction plates, wiring diagrams, and similar applications. Adhesives shown vary from water mixes to special cements. The selector indicates what decals are resistant to abrasion, acids, temperature, and humidity and covers the application to paint, lacquer, enamel, raw wood, glass, metal, cloth, rubber, plastics, and crinkle finishes.

Electric Fuel Pump

Suitable for use on passenger cars as well as on trucks and buses, the new electric fuel pump announced by the Instrument Division of Stewart-Warner Corp., Chicago, Ill., has a delivery capacity up to 15 gal. per hr. Other improvements claimed are a vibration proof sealed magnetic switch, hydrogen filled to prevent burning of contact points, and the replacement of time delay and resistors with a simple open-black nonarcing "trigger" switch. The pump operates on 6 or 12 volts and provides 2½ to 3 psi. pressure. At maximum speed, it runs at 250 strokes per minute. The pump weighs 3½ lb., and is 3½ by 4½ in. in size.

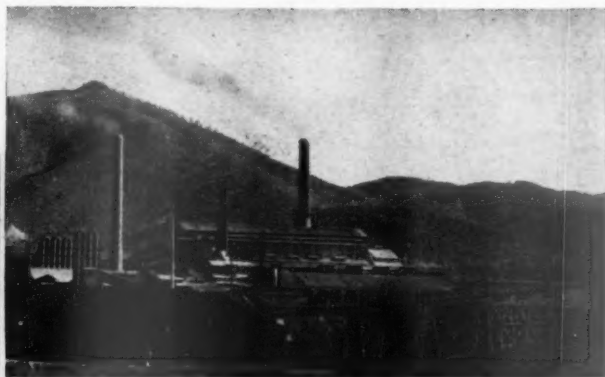
Low-Cost Water Treater

Installed vertically on the cold water inlet to the household water heater, the Micromet feeder of the No-No Specialty Co., Cleveland 4, Ohio, adds Micromet phosphate compound to

the **P**romised Land...

Truly the land of promise . . . Opportunity Corner is for every business looking forward to greater development. Nature's mountains, plains, rivers and seas combine with skilled minds and machines to make the Pacific Northwest a fulfillment. For those modern frontiersmen of business, who wish to push on from dreams to reality . . . this is your home.

Land where apple trees bear twice as much fruit as the national average . . . where cows yield 25% more milk . . . where rich acres yield 64% more potatoes . . . 63% more wheat, according to Department of Agriculture statistics.



A land where foothills and mountains nestle mines and smelters working rich ores . . . where forests yield the nation's largest lumber supply . . . where electric power is abundant and cheap . . . where waterways yield rich commercial fishing and irrigation.

Land of pleasant homes and friendly neighbors . . . where people are content, skilled, hard-working and intelligent . . . where city, village and farm are united in determination that the riches of their lands shall go out to help America better.



A land where you can take a relaxing "vacation" every week-end . . . where the sea, the mountain beauty, the swift rivers are at your very doorstep . . . a land across whose threshold lie the wonders of Alaska, Canada . . . and the Orient.



Oppportunity Corner

O R E G O N • W A S H I N G T O N • I D A H O

This advertisement sponsored by the following Business-Managed Electric Power Companies of the Pacific Northwest
WASHINGTON WATER POWER COMPANY • PACIFIC POWER & LIGHT COMPANY • NORTHWESTERN ELECTRIC COMPANY

Flamenol* Cords

Make Good Appliances 3-Ways Better

Better for the USER



Because the smooth, clean cord jacket won't grow brittle with age... Because the plastic plug is molded on to hold the prongs rigid and the connections tight.

Better for the DEALER



Because the strength and smart appearance of Flamenol cords help build a conviction of good quality down to the last detail... In use, because they protect against returns and service calls.

Better for the MAKER



Because they harmonize in color and design with carefully styled appliances... Because they save wiring time and simplify inspection... And because their long life, despite hard usage, builds customer loyalty for your line.

Standard Flamenol cord sets are furnished in 6-, 8-, and 11-foot lengths. For the present, in ivory and brown only—later, in other colors. For all the facts, write Section Q565-102, Appliance and Merchandise Department, General Electric Co., Bridgeport, Conn.

*Trade-mark Reg. U.S. Pat. Off.

GENERAL ELECTRIC

amounts said to be sufficient to prevent formation of lime scale and subsequent clogging of heating coils and service lines. The basic principle, used for many years, depends on the characteristics of phosphate glass. The treated materials used in this device are grown to a size that is said to assure a uniform slow rate of solution, making the filter adaptable to residential use. The filter can be recharged without shutting off the main supply.

Miniature Camera

Intermittent shutter action provides speeds of 1/25th to 1/1,000th of a second in the Clarus miniature camera.



made by Clarus Camera Mfg. Co., Minneapolis 4, Minn. All shutter parts have a corrosion resistant finish. The curtain is nylon, coated on both sides with natural rubber. Body is constructed of three die-cast parts. The camera is equipped with an F2.8 lens, and uses 35 mm. film.

THINGS TO COME

The tendency of bacon to become rancid when stored is caused, according to recent research, by the formation of peroxides on the surface. A recently published technical paper indicates that antioxidants, such as d-isoascorbyl palmitate, soybean lecithin, successfully retard the development of the peroxides.

• Long-life automotive brakes having no linings are promised in a development using graphite steel and hard chromium as braking elements.

• Pasteurized eggs stored at room temperatures for six months are fresher than eggs in cold storage for the same length of time. A thermostabilizing process, using warm water and subsequent oil dip, has a pasteurizing effect against egg-spoiling organisms and also serves to devitalize the egg.



How the Chase can Expedite Exports

Every day, problems as numerous and as diverse as the ports of call to which American goods are sent confront the American exporter, when shipping on a draft basis. Yet often they *can* be simplified quickly by authoritative answers to such important questions as these:

1. What is the foreign customer's credit standing?
2. What are the import and exchange regulations and the present trade outlook in the country to which we are shipping?
3. When goods are not of American origin, will U. S. dollar exchange be granted by the country to which we plan to ship?

Every day, the Chase National Bank answers such questions from current information supplied by its overseas branches and by its correspondent banks in all commercial centers of the world. In turn, this information is channeled to Chase customers in the United States through a large, experienced Foreign Department.

Exporters are invited to consult our officers regarding ways in which the Chase Foreign Department can be of assistance in expediting overseas business transactions.

You are invited to send for our Folder "Import and Exchange Regulations of the Principal Countries of the World."

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

HEAD OFFICE: Pine Street corner of Nassau

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Do you know what
DECALCOMANIA
can DO for
You

De-cal-co-man-ia (or Decal) is a durable color film carrying a printed message or design which can be quickly transferred to practically any surface.

DO YOU KNOW...that Decal window signs offer the greatest advertising value right at the point of sale, and headline your products on America's main streets?

DO YOU KNOW...that Decal truck signs and lettering help trucks pay for themselves by the use of the free advertising space on side panels?

DO YOU KNOW...that Decal nameplates for identification and operating instructions are applied quickly and easily without rivets or screws?

DO YOU KNOW...that Decals for product decoration add the colorful sales appeal that will increase sales and profit?

DO YOU KNOW...that Elasticals provide decorations, trademarks for rubber products in full color... they stretch and become a part of the surface?

DO YOU KNOW...that in 1945 alone, over 40 million Meyercord's home decorating Decals were purchased to beautify the home?

**EXECUTIVES:
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Send for literature describing type of decalcomania that interests you. Firm letterheads, please. Address Department 2-5.

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World's Largest Decal Manufacturers

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HOUSING

Honeycomb House Displayed

Prefabricated model built by Lincoln brothers of Marion Va., employs aluminum panels with a paper-plastic core. Chief advantages claimed are lightness, insulating qualities, low cost

Novel construction devices have incubated in such numbers under the heat of the housing emergency that federal housing officials are apt to yawn when they hear of something new in prefabrication. The ho-hum attitude is absent from discussions of a prefab aluminum house which has just broken out of its experimental shell at the town of Marion, Va. Housing Expediter Wilson Wyatt examined the new entry for the homebuilding sweepstakes last week. An aide who has been watching the project refers to it as "revolutionary."

Appearance of the aluminum home in so unlikely a place is due to the efforts of two brothers, C. C. and John D. Lincoln. The Lincoln house is a result of experience gained by the brothers in furniture manufacturing and

war production of radar housings. It is also a reminder that industrial ingenuity is not confined to the nation's big cities.

• **Insulating Panels**—The basis of the Lincoln house is a standardized panel, in. thick, made of thin-gage aluminum with a honeycomb core of craft paper impregnated with plastic. Since the cells of the honeycomb connect the inner and outer surfaces of the panel, they afford hundreds of locked air spaces for insulation. The rigid plastic cellular structure gives the panel strength while preserving the lightness which is its most remarkable feature. The entire house, 26 ft. by 28 ft., weighs only 2,000 lb., exclusive of the concrete floor.

The Lincolns have built and finished one house on a hill overlooking



PERMANENT, PORTABLE, AND ECONOMICAL

Another entry in the race to beat the housing shortage—with an eye on the long-range market—is an assembly-built, permanent home of steel, recently unveiled in Tulsa, Okla. Walls, floor, ceiling are of two steel sheets with two layers of insulation between; the whole 30-ft. x 10-ft. structure is mounted on 7-in. steel beams for easy portability. Pride of the cosy interior is the wood-burning fireplace (above) in the combination living-bedroom; the house also has a kitchen, dinette, bath. And it can be loaded on a truck in an hour. Lifetime Buildings, its builder, sells it for \$2,500, a larger unit for \$5,000.

erion and are erecting two others. The finished house has two bedrooms, dining room, kitchen, and bath. It is flat-roofed and modernistic in design, with corner windows in the living room and kitchen. More conventional types eventually may be developed.

Simple to Erect—The foundation of the house is cinder blocks, which support the reinforced concrete floor. The wall panels are affixed to the foundation by screws. The panels are attached to each other with screws that penetrate engaged flanges. Screws also secure the roof panels. The wall panels carry the weight of the roof, which is no light to pose any problem. Strength of the plastic cells in the wall (which become a unit with the aluminum under heat treatment) is said to be sufficient to sustain any likely fall of snow. The metalworking industries will be specially interested in the Lincoln house, which marks a definite break with orthodox ideas on home materials. According to the Lincolns, there is no reason why metals other than aluminum would not be used in the panels.

Self-Cooling—U. S. Steel, American Rolling Mills, Le Tourneau, copper companies, and other interests have sought to overcome homebuilding prejudices with metal products. Bright aluminum has the advantage of tending to deflect rather than conduct heat. Thus the Lincolns have left the roof of their house unpainted to keep out summer temperatures. They say they should have left the sides bright metal for the same reason, but they painted the walls in deference to public opinion.

Effectiveness of the honeycomb wall in keeping out cold awaits the test of winter. One enthusiast is willing to bet that it will equal the cold resistance of a concrete wall more than two feet thick.

Costs—The biggest question in any such house is cost. The brothers believe that they can retail their four-room model for roughly \$3,000.

The \$3,000 figure covers the cost of kitchen and bathroom plumbing but of no other equipment. Thus the space heater, water heater, range, and refrigerator would have to be bought separately. There is no storeroom or garage. The Lincolns say that the prime need is for houses that can be built and occupied as promptly as possible.

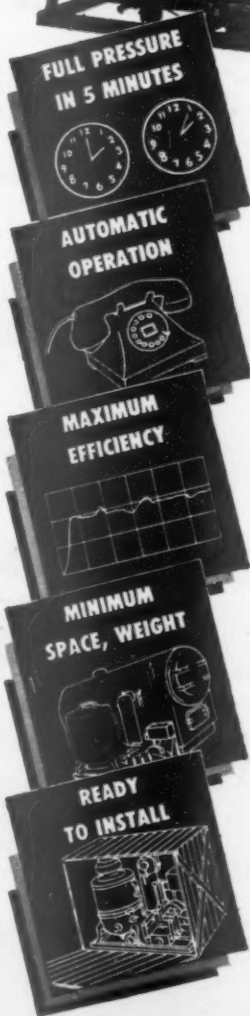
Heat Chamber—But their experiments include special equipment for the house. Thus they are installing oil-burning space heaters under the concrete floors. Although no cellar is provided for, the bare earth inclosed by the foundation is covered by an insulated paper designed to make a heat chamber out of the entire space under the house. Once the space is heated, the hot air will travel upward into the rooms through

Clayton STEAM GENERATORS

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Only the exclusive, Clayton developed system of **FORCED RECIRCULATION** provides these outstanding advantages....



Steam of highest quality and at full working pressure within 5 minutes from a cold start.

Fully automatic operation. Generator instantly adjusts output to minimum and peak demands.

Thermal efficiency of 75% to 80% throughout entire range. Steam is produced as it is used.

Clayton Steam Generators occupy only $\frac{1}{3}$ the space required by conventional boilers; weight is 50% less.

Generators come complete—ready to install and operate. There is no divided responsibility for satisfactory operation! No additional equipment required.

Present production limited to six sizes: 10, 15, 25, 50, 75 and 100 horsepower. All capable of working pressures up to 150 pounds.

Write for illustrated Booklet S-4.

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**keeps Growing UP
...yet Never Grows Old**

Primary reason is that there is no deadening monotony, no rut in work or outlook, in the daily operations at Taft-Peirce. Here, the horizon embraces all industry. Diversification, exploration, and original thinking are the prime movers of this business.

In the short span of 70 years, Taft-Peirce Contract Service has branched out from its original activity, the manufacture of sewing machines, into practically every field of production. Taft-Peirce developed, tooled, and built the first visible-platen typewriter, the first punched-card tabulating machine, the first Loughheed plane motor, and many another well-remembered first. Then, as time sped by, Taft-Peirce became toolmaker to the automobile, aviation and countless other industries, producer of tools and equipment for the Army and Navy. Today, the plant houses over 400,000 square feet of space, and some 1500 modern machine tools.

Through these resources, you can draw on a practical working knowledge of production problems ranging from food to fabrics, from machine tools to machine guns, from chemicals to communications. No job is too large, none is too small. If it would help you to unload some, or all, of your new-product problems on the shoulders of this young-minded, fast-moving organization, you are invited to write to The Taft-Peirce Mfg. Co., Woonsocket, R. I.



1876



1887



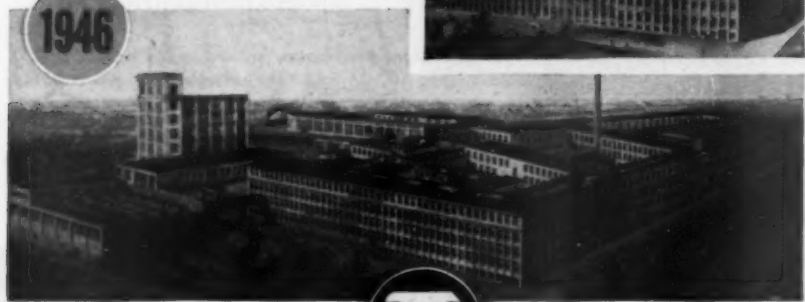
1890



1896



1903
1913



1946



For Tooling, Engineering, Contract Mfg.,

TAKE IT TO TAFT-PEIRCE

New Building Material

Reynolds Metals Co. entered the housing situation this week with the announcement of a new aluminum panel which it calls "Reynalite." Essential features are aluminum sheets between which another material is sandwiched to form a lightweight, high-strength, fire-resistant panel suitable for either building or furniture manufacture. Interior of the sandwich may be plywood, composition panels made from wood fibers, or an inorganic material. This interior section is bonded to the aluminum with a plastic.

Reynolds has been selling this product to furniture makers for the past three months. Its resistance to cigarette burns, even when coated by a plastic, is a special selling point. The company is seeking governmental allocation of more plywood so that it can actively promote Reynalite as a building item. It expects to market the product generally by July 1.

registers at the corners. The Lincolns also believe that this system will heat the entire concrete floor, which will turn deliver heat to the rooms.

There is no disposition to accept the aluminum-paper-plastic combination in perfection. Rather the brothers are inclined to believe that any plastic (except casein, which is vulnerable to the weather) will serve. Other bases for the honeycomb and other metals are being tried. So far the Lincolns have found aluminum hard to get, and they declare that some of the nation's idle capacity must be put to work if their house goes into mass production.

• **Preparations**—The Lincolns are now busy designing machines and mass-production techniques that would greatly cheapen the process of forming the panels. Their principal patent device is a machine now being built in the Lincoln shops for corrugating the end paper and joining the crest of the corrugations to make the honeycomb. It looks like something that Rube Goldberg might have engineered.

A company is being created to make and sell Lincoln homes. Chairman will be Waddill Catchings, a Wall Street veteran who has done all right for himself despite harsh words tossed at him by boomtime philosophies. Lehman Bros. is scheduled to handle the financing. No stock will be offered the public until the idea proves out. Original funds needed (about \$5,000,000) will be provided by a few wealthy men. Houses will be sold through territorial distributors.

FACTORY Announces

INCREASED SERVICE to INDUSTRY and ADVERTISERS

INDUSTRY HAS GROWN

every standard of comparison, our national economy has expanded tremendously over prewar levels. With this expansion has come a terrific selling job for manufacturers who sell industrial equipment and supplies—how to reach and sell the thousands of new plants and new men in new locations. Sales potentials and sales problems are infinitely greater now than in prewar years.

REVEALING FACTS

Foundation of effective coverage of industry for advertisers is **knowledge** of where industry is, the number of plants of worthwhile buying power.

Realizing the sweeping changes which were taking place throughout industry, the McGraw-Hill Research Department undertook a continuing Census of Manufacturers before the war ended. Reports on over 75,000 plants have been tabulated—have made available a clear picture of industry as it is today. Of prime importance to manufacturers who sell to industry is this one fact:

THERE ARE NOW ABOUT 22,000 BIG PLANTS (100 OR MORE EMPLOYEES) AS COMPARED TO 15,000 IN 1939!

FACTORY'S INCREASED SERVICE

Convinced of the need for expansion of FACTORY's services, we set two major goals for postwar improvements:

To reach 50% more of these big plants which buy the largest share of industrial equipment—your best prospects.

To reach DOUBLE THE NUMBER of plant operating men who manufacturers selling industry say are the men of greatest purchasing influence.

And the toughest circulation specifications in FACTORY's history were set up to make sure that FACTORY reaches only top men in the plant operating group.

Back your sales plans with FACTORY, which will give you

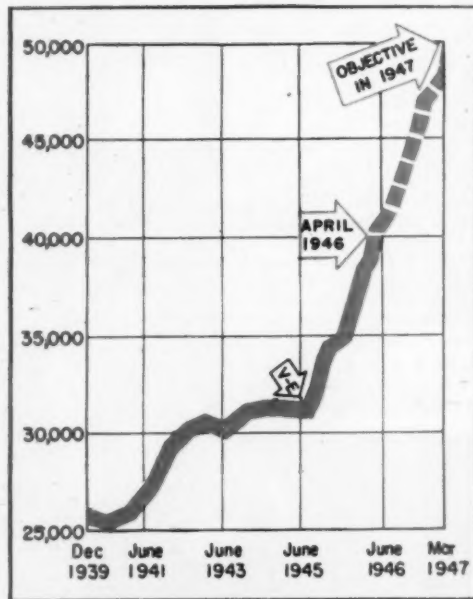
**50% MORE BIG PLANTS (OVER 100 EMPLOYEES)
DOUBLE THE NUMBER OF PLANT OPERATING MEN**

Than Prewar

... At a LOWER RATE per thousand than the prewar average!

ACCOMPLISHMENT

These quality objectives are nearly 60% accomplished in paid circulation right now, as indicated in the chart. So much circulation has already been added that every month advertisers are now getting a big circulation bonus every month—a bonus that will total over 100,000 in 1946.



INTERIM CIRCULATION AUDIT

And FACTORY WANTS you to know just WHO these new readers are! Ask to see the INTERIM CIRCULATION AUDIT, issued periodically, with complete details on new subscribers. There's PROOF of circulation QUANTITY and QUALITY as it is being added.

If you want to sell the men in the plant—the men who have to get out the production—who buy and use modern equipment and methods—The Plant Operating Group—FACTORY gives you more of them per dollar than any business paper published. **SELL THE PLANT OPERATING GROUP today to get business tomorrow.**

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NOW

For Today's Closer-Profit Market

PRECISION FORGING

On the CHAMBERSBURG Board Drop Hammer

Companies intending to make profits in these coming years must make them by cutting production costs. Labor costs are higher, therefore other costs must be reduced.

One way is to start with your drop forgings. Modern Chambersburg Board Drop Hammers will forge to closer limits, will forge more rapidly and require less maintenance.

Motor-driven for self-contained operation independent of shafting location, or belt-driven where belt-drive is more convenient.

Write for Bulletin 252-2

**CHAMBERSBURG
ENGINEERING CO.**
Chambersburg Pennsylvania

CHAMBERSBURG

Builders of **IMPACT** Machinery

tors, who will provide household equipment using whatever power or fuel is most appropriate to the region.

• **Looking Ahead**—The Lincolns are not overlooking the obstacles. They know that the A.F.L. building trades union is strongly entrenched in the big towns are fighting prefabrication. They also know that local building codes, favoring those same building trades, will hamper them in many areas (BW Mar.23'46,p41).

In view of these facts the Lincoln brothers welcome the Wyatt housing bill, finally passed by Congress (BW May18'46,p15). If their product is approved for the provisions of this law their financing problem will be eased. But the Lincolns profess to be less interested in the subsidy they might receive under the act than in its market guarantee.

• **Promising Background**—In Maryland they say it will take more than code to stop the brothers. The two come from the same stock as Abraham Lincoln, and something about their heritage reminds you of the emancipator. They inherited a furniture manufacturing business.

During the war they built a plant that handled between \$30,000,000 and \$40,000,000 in contracts, mostly for radar housings. They helped develop a plastic radar housing whose secret was honeycomb wall made of Fiberglas. This is what suggested the idea for the paper plastic-aluminum house panel to the Lincoln brothers.



TO PIN A TAG ON STEEL

A quarter-inch nail, so tough it penetrates cold ingots of hard steel, has been developed by American Steel & Wire Co. to fasten identification tags on ingots from the South Chicago works of Carnegie-Illinois Steel Corp. The 23-lb. hammer has a spring attachment to hold the heat-treated stainless-steel nail; one blow and the tag is firmly embedded—and it's as easy as painting on labels.

Housing Racket

Under pressure, tenants buy their apartments, then must pay maintenance charges exceeding their previous rentals.

New York City's OPA office has exposed a new racket involving an ingenious method of evading rent ceilings. It is employed by some real estate operators who are charged with coercion and fraud in forcing tenants to buy their apartments and thereafter to pay maintenance costs which are higher than the amount of legal rent.

Attack on the practice was made last week by Ira A. Schiller, chief attorney of OPA for the Manhattan rent area. He says that the dodge has been used in other cities but is most flagrant in New York, where a seething speculative market in apartment houses combines with a desperate demand for housing to create an ideal field for the chiseler.

Blackjack Sales—The hullabaloo reminds old-timers of the boomtime of the twenties. In those days the wealthy bought cooperative apartments on Park or Fifth Avenue to assure themselves permanent homes in buildings where they had a voice in keeping out "undesirable" neighbors. Instead of free-will purchases of this type, the present drive for sales to tenants is enforced by threats of eviction. Moreover, it is not confined to stately neighborhoods but infects undistinguished areas as well.

Here's how it works according to the OPA: The landlord visits the tenant, pointing out that he had better buy his apartment if he wants to be sure of a place to live. Reasons given are numerous. It will protect the tenant from plans being made to evict him to allow for complete remodeling of the building. Or a majority of the tenants have already bought and if he doesn't do likewise, his apartment will be sold over his head. Or "the OPA is going to be liquidated," and if the tenant doesn't stabilize his costs at the figure offered, a new owner will hike them skyward as soon as controls are off.

Eviction Rule—OPA may allow eviction of tenants for occupancy by purchasers where 80% or more of the building has been taken over by buyers. Otherwise the agency refuses evictions. In one case, two wounded veterans pooled their resources and bought an apartment on assurance of immediate occupancy by the landlord. But OPA refused to evict the residents because the building did not meet the 80% rule, leaving the veterans with no home and their savings tied up in a questionable investment at inflation levels.

In another case a Park Ave. victim

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Santa Monica, California



CLEAN PUBLICITY

Washlines became headlines last week in Denver. Unable to get quick laundry service, eight pilots washed their own underwear, hung it to dry on the facade of the Argonaut Hotel. Crowds, an indignant maitre d'hôtel and police were involved, and by the time an ordinance was unearthed to cover the situation, the pilots had pulled in their wash and a lot of free advertising for their venture—the Flying Tiger Air Circus.

was told that he would have to buy the building because it was "going cooperative." His rent was \$6,000. He had to pay \$18,000 as the purchase price for his apartment, and in addition he had to sign a contract to pay \$6,000 annually thereafter to take care of maintenance costs.

• **Tax Argument**—The operators don't always use a blackjack. Savings on income taxes are an argument for sale. Thus in one case a prospect was told: "Your annual rent is \$3,500. Your maintenance and other costs after purchase would be \$4,000. But half of \$4,000 will be for realty taxes and interest on the building's mortgage, so that can be charged off your income tax. That means—since you are in the higher brackets—that you save \$1,200 on your income tax, though you pay \$500 more for your apartment."

Many New Yorkers remember with twinge having to sell the cooperative bought in the twenties after the slump undermined their income. It was unusual then for a person who paid \$100,000 for his apartment to write off the investment as a total loss. A similar

question arises concerning investment current price levels.

Illegals Sought—Under the present arrangement, the tenant buys into the company which owns the building and contracts to pay a certain amount annually for maintenance. Tenants who do not make such purchases pay their rent to the owning company. This is entirely legal so long as the terms do not involve fraud or violate any provisions of the Securities & Exchange act. The SEC is joining the OPA in hunting down illegals and so is New York State's attorney general.

In making his expose, Schiller was careful to note that "on the whole" planners have been careful in respecting ethics and the law. He admits that some of the most brutal exceptions have been committed by refugee speculators. The Real Estate Board of New York asks for a complete investigation, preferably by a governmental agency.

Labor Paradox

Employment in the building industry exceeds goal, but it falls short of demand. A.F.L. fears oversupply later.

While increased employment in the construction industry is running ahead of expectations, the additional workers apparently aren't going into the skilled home-building crafts in numbers to ease government officials concerned with the housing program.

Officials of the A.F.L. building trades unions are skeptical of government estimates of labor needs and are reluctant to create what they feel would be an oversupply of building labor after the housing crisis is over. Most of these unions are playing a game of wait-and-see before opening their doors wide.

Ahead of Goal—An increase in construction employment of 200,000 in April was reported by the U. S. Bureau of Labor Statistics, bringing the total employment to 1,712,000. Of the total, 431,200 workers are on new construction; this is far ahead of the bureau's earlier forecast of 1,286,000 for April, as well as the May goal of 1,422,000.

At the same time Housing Expediter Wilson W. Wyatt has been prodding A.F.L. leaders to relax their apprenticeship restrictions more generally. He points out that only 650,000 are employed in producing and distributing building materials and in actual home building. Wyatt insists that this number will have to be more than tripled to about 2,150,000 by the middle of next year if the U. S. reaches its goal of 2,700,000 houses and apartments started this year and next. He estimates



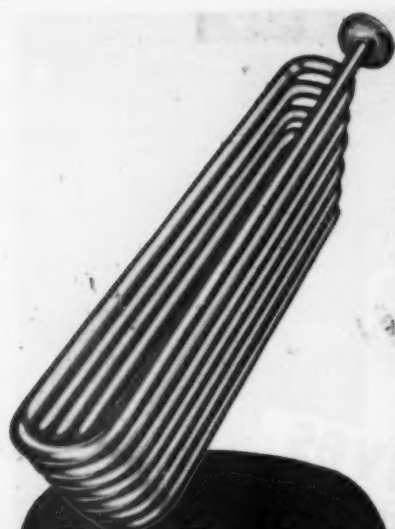
"They don't know when to quit" . . . that's what planing mills, veneer, plywood and woodworking plants and pulp and paper mills say about Simonds Machine Knives. They buy the Knives with the Red Back because they know these are the Knives made of special Simonds steel . . . specially tempered to stand the toughest cutting . . . then ground to precision flatness to assure uniformly accurate dimensions and smooth finish.

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Make full use of Carpenter's production-engineering experience with Stainless Tubing. By having your engineers work with us, you may find new short cuts to getting each job done faster, and better.

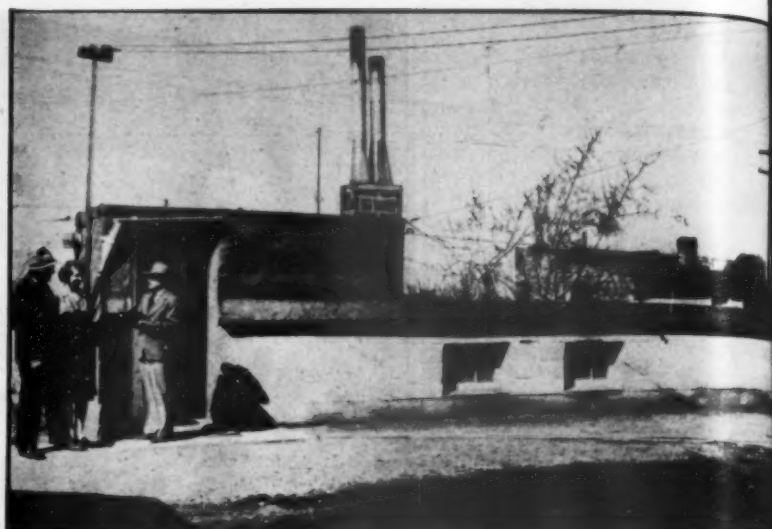
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"MORE THAN CORROSION RESISTANCE"

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STAINLESS TUBING for
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—Corrosion Resistance
—Heat Resistance
—Accuracy
—Fabricating Savings
—Longer Service Life
—Sales Appeal



TODAY'S HOME: TOMORROW'S CELLAR

During the depression, Salt Lake City's young people who couldn't afford house right off built cellars and lived in them. Now, with materials and labor but not money, lacking, they've taken to burrowing again. A typical cellar house, costing about \$2,100, has a kitchen, living room, furnace room, bath, one or two bedrooms. The "roof" consists of joists and subflooring, reinforced with tar paper. Later, when materials are available, the pot-bellied stove will make way for a furnace, plumbing and furniture will move upstairs.

that more than half of that number will have to be employed in actual building.

• **Campaign Pushed**—Two days before Emanuel R. Lerner, head of National Housing Agency's labor branch, was to leave on a labor mission to Japan, Wyatt convinced him that housing is more important. Lerner remained in Washington to grapple with the building labor problems. Through his office the related activity of other government agencies is coordinated.

Apprenticeship rules have been the main obstacles in the recruiting drive. Lerner has been trying to drive home the idea that any apprenticeship standard which is a deterrent should be modified.

Some changes are being made in these rules, but they are left to the discretion of the local unions, many of which are not cooperating. Where changes are being made, apprentice wages are raised more nearly to those of the journeyman, giving veterans credit for experience in the armed forces, raising the apprentice-journeyman ratio, giving more frequent examinations, and relaxing age limits for veterans.

The number of apprentices in the building trades increased 16% in April, according to reports from 866 of some 1,500 apprentice training committees being assisted by the U. S. Apprentice-Training Service. It varied by industries: pipe trades, 21%; woodworking,

19%; trowel, 14%; electrical, 12%; painting, 10%; sheet metal, 9%; other, 19%.

• **Waiting for Answer**—The building trades unions want to be shown that there will be jobs for a long time to come for their members before they engage in all-out expansion. They are particularly concerned with how much of the construction work will be done in prefabrication plants and how much on-site. They have not had an answer.

The shortage of building materials has deferred a real pinch in building labor. The U. S. Employment Service is making special drives to bring workers into the materials field and will concentrate on the building labor situation later. Even so, it has directed its field personnel to give special assistance to the 226 local emergency housing committees established by mayors in response to an appeal from Wyatt.

• **Hope for Cooperation**—Jurisdictional problems are not yet a source of worry but may become troublesome. Refusal of A.F.L. building craftsmen to handle products from C.I.O. plants has up to now been confined largely to industrial products, particularly neon lights. New types of building materials will serve to complicate the situation. There is some hope among some government officials that A.F.L. and C.I.O. may go together, set up a joint committee to handle jurisdictional problems, if trouble grows acute.



A City is Born...

As 400 New Plants Pick "CENTRAL" LOCATIONS

LAST YEAR, 400 new plants sprang up on New York Central... enough, if grouped together, to create a major industrial city. In choosing the site for *your* new plant, add up the advantages which drew those industries here.

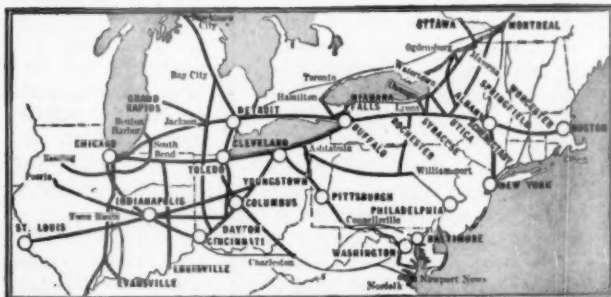
This area is home to 64% of U. S. factory labor. It has over half the nation's buying power. Its harbors handle 80% of all Atlantic Coast foreign trade. It has ample electric power and industrial water. It produces the bulk of the country's bituminous coal and steel... plus a matchless combination of raw and semi-processed materials.

And binding those advantages together is the modern rail network of New York Central... now investing \$100,000,000 to bring finer transportation to your "Central" location.



NEW YORK CENTRAL

The Water Level Route



Ask about plant sites on New York Central

The Industrial Representatives listed below have a catalogue of government-owned industrial plants in this area. They are also prepared to carry out surveys to find special advantages you may need. Let them help you find the right spot for your plant or warehouse... a location that will be "central" in every sense!

Industrial Representatives

BOSTON	South Station	A. E. CROCKER
CHICAGO	La Salle St. Station	H. W. COFFMAN
CINCINNATI	230 East Ninth St.	G. T. SULLIVAN
CLEVELAND	Union Terminal	A. J. CROOKSHANK
DETROIT	Central Terminal	A. B. JOHNSON
PITTSBURGH	P. & L. E. Terminal	P. J. SCHWEIBINZ
NEW YORK	466 Lexington Avenue	W. R. DALLOW

- In other cities, contact our nearest Freight Agent.

MARKETING

Trade Discounts Face Revision

Manufacturers would replace present elaborate structure of cash and quantity allowances with a system of scientific incentives. Mandatory disclosure of discounts is urged.

Distributors are keeping a sharp eye on what looks like a growing determination among manufacturers to revise—and in some cases to shorten—trade discounts.

The first real inkling of this tendency appeared two months ago when the Wm. Wrigley, Jr. Co. petitioned OPA to allow it to drop its customary 2% cash discount on sales of chewing gum to wholesalers. OPA refused, saying that abolition of discounts is tantamount to boosting prices, but Wrigley has let it be known that when OPA vanishes, the 2% discount, too, might well disappear with it.

• **Are They Functional?**—Subsequently, several of the larger electrical appliance manufacturers tentatively asked the Harvard Graduate School of Business Administration to undertake a study of trade discounts to determine whether they really are functional, or whether the present elaborate structure of cash and quantity incentives is sometimes little more than a featherbedding of distributors. This study may not pan out because Harvard wants a year or more to pry into the abstruse topic. Instead, individual studies and investigations by private research firms may be substituted.

What's bothering manufacturers is that their costs are rising, which means that absorption must take place somewhere. Price increases—as an alternative to absorption—are not regarded as the complete answer. For once demand and supply get into line, a high level of prices can be an invitation for mass distributors (mail-order houses in particular) to take bigger bites out of the market with their cheaper private brands. This already happened once during the 1930's, and makers of branded lines would hardly care to see a repetition of such an occurrence.

• **Suggested Revision**—Revision of discounts looks attractive. The idea would be (1) to eliminate trade discounts which have no relationship to services or cost savings, (2) to favor the most economical distributors, and (3) to trim the general discount level where it seems too high in the light of present conditions.

Appliance manufacturers in particular have been emphatic of late in saying

that trade discounts are heritages rather than scientific incentives. They point out that discounts on refrigerators, for example, were not worked out specifically for that product but were simply concocted by a slight reshuffle of discounts on iceboxes. And when advertising allowances and leeway for trade-ins are included, say the manufacturers, the whole discount structure looks unwieldy and leaky.

• **Washington Backing**—Moral support for changes in discounts won't be lacking in Washington. On and off the record, government economists have been condemning the current system of trade discounts for years.

One criticism voiced in Washington is that discounts often are used to maintain an inordinately high level of retail prices. According to this theory, manufacturers set retail prices high enough to satisfy the uneconomic, marginal dis-

tributors. When bigger merchants complain that they are losing sales because of high prices, manufacturers compensate them for this supposed loss by lengthening discounts. A better system, say the economists, would be to keep retail prices low and flexible, thereby increasing the mass of sales as well as profits.

• **Information Wanted**—On a grubbier level, other economists make the point that the multitude of discounts now in effect makes discrimination readily possible. This point, in fact, was one of the Dept. of Justice's main contentions in the recent antitrust trial of A. & P. (BW-Apr. 6 '46, p. 78). Justice alleged at great length that the \$6,500,000 in discounts and allowances A. & P. supposedly got in 1944 amounted to 25% of the chain's profits and that some of these discounts were unearned and unavailable to other sellers.

Resultantly, the Federal Trade Commission, Dept. of Justice, and Secretary of Commerce Henry A. Wallace are plugging an amendment to the Robinson-Patman act making disclosure of discounts mandatory (BW-May 18 '46, p. 85). Just to show the immense amount of latitude available for possible shenanigans at present, advocates of disclosure point out that standard list prices and discounts for sash, doors, and screens can take up a 230-page book while in fractional horsepower motor

Ultrafine Distinctions in Trade Allowances

As evidence of the type of trade discounts now in existence because of ultrafine distinctions between buyers and the practice of patching old discounts with new ones, advocates of revision cite the following examples of complicated allowances:

Fractional Horsepower Motors

Class A user (very small purchaser):	
Less than \$500 list.....	none
\$500 to \$999.99 list.....	5%
\$1,000 to \$2,499.99 list.....	7½%
\$2,500 to \$4,999.99 list.....	10%

Class B, C, and F buyers:

(Class B buyers are those who average \$2,000 net or more annually for three preceding years, or who have placed a single order of \$5,000 list or more for complete shipment within 90 days. Class C buyers are electric utilities who sell to nonaffiliated companies over 50% of the electric power they generate. Class F buyers are state and local governments and educational institutions.)

Less than \$6,000 list...	10%
\$6,000 to \$9,999.99 list...	10% and 3%
\$10,000 and up, list...	10% and 5%

U. S. Government.....	18%
Jobbers or resellers.....	15%
Distributing manufacturer.....	20%
(Discount to distributing manufacturer ranges from 20% to 23% plus a quantity discount up to a maximum of 5% on 100 motors.)	

Linoleum

1 to 5 rolls.....	none
6 to 11 rolls.....	6%
12 to 24 rolls.....	8%
25 rolls or over 7,500 lb.....	10%

Exceptions: On standard rugs and full rolls of standard floor covering and rug border, 10%. On $\frac{1}{2}$ gage and heavier, no discount. However, quantity counts toward discounts on other varieties.

Quantity bonuses as follows:

50 rolls or over 15,000 lb....	2%
100 rolls or over 30,000 lb....	3%
150 rolls or over 45,000 lb....	4%
200 rolls or over 60,000 lb....	5%

(Cash bonuses of 5% are granted for payment in 10 days; 4% for 70 days; 71 days, net. Anticipation: 6% per annum, 10 days.)

fewer than seven classes of buyers—warranting a special set of discounts—are recognized.

Exceptions—OPA, too, has a share in the pie. Although the general

trade discount structure was frozen by the General Maximum Price Regulation and subsequent regulations, OPA has not been averse at times to chopping off some allowances as a means of

THE MARKETING PATTERN

Research

Easily the most significant news generated at last week's full-dress get-together of the American Marketing Assn. in Boston was the preliminary report on a poll on "marketing research in American industry." Jointly conducted by the A.M.A. and the National Assn. of Manufacturers, with William W. Heusner (director of market research, Pabst Sales) as coordinator, the survey—in its initial stages—shows:

The trend toward establishment of marketing research departments by manufacturers is accelerating rapidly. Already some 12% of the manufacturers surveyed have special departments, while 26% have line executives assigned to research functions. About 80% of those firms having special setups plan to expand them; 58% of companies having a line executive as marketing analyst want to replace him with a full-fledged department; and 7% of firms that currently do no marketing research say they plan to establish a regular department.

Even more noteworthy is the weight which such departments carry with their employers. In 70% of the cases noted, the braintrusts report directly to top-level management; in about half, the analysts are instrumental in forming company policy.

Pincers

What do the researchers research? Sales potentials are high on the list of subjects slated for investigation. Forecasting sales and analyzing demand are next in line.

If the poll was generally accurate—even though the percentage figures may change a little when all the votes are in—it is evident that manufacturers are growing increasingly sensitive to a change in their economic climate and are providing themselves with umbrellas.

What bothers manufacturers is that their costs are rising because of the increase in wages. The immense expansion of plant during the war is another worry. Taken together, these factors represent a pincers that

can squeeze many a manufacturer between the jaws of increased costs and increased competition.

Assuming that because of the pincers more marketing analysts will get jobs and, presumably, a voice in management policies, it becomes important to speculate on what type of advice these specialists will offer.

Teacher

Unlike other economists, market analysts are hard to classify by "schools." The organized body of marketing doctrines is small. But so far as the latest batch of marketing specialists has had academic training at one of the bigger universities, or has listened to enough speeches at A.M.A. meetings, it will probably show a tendency to follow—at least in part—the teachings of an economist named Joseph A. Schumpeter.

Broadly stated, Schumpeter's thesis is that a capitalist economy moves forward by its innovations—the new products and processes that open up huge new markets. In these virgin territories lie the biggest profits, for here the pioneer has little competition.

Flexibility

Marketing analysts who sympathize with Schumpeter's thesis may be inclined to counsel manufacturers—especially in the consumer goods fields—to keep a sharp lookout for new luxuries to make and sell. As a corollary, they may be strong believers in flexible (as against maintained) prices. For maintained, or fixed prices, tend to make an economy "sticky" in that too much emphasis is placed on marketing old products at high prices, thereby diverting consumer dollars from the luxury innovations in which the real profits are to be found.

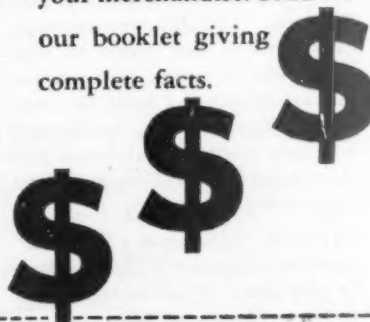
Independent wholesalers and retailers will be quick to watch for any evidences of a return to flexible prices. They fought long, hard battles in Washington during the 1930's to win price maintenance, and most assuredly they won't want to give it up now.



Your inventory—no matter what it consists of—is a source of valuable credit.

Like cash, it should be kept in constant use.

Let Douglas-Guardian explain how to borrow on inventory, *without moving it off your premises*. Loans of \$10,000 to \$10,000,000 can be arranged with banks or other lending agencies. The amount you borrow is limited only by value of your merchandise. Send for our booklet giving complete facts.



DOUGLAS-GUARDIAN WAREHOUSE CORPORATION

50 Broad Street
New York, N.Y.

I'm interested in a bank loan on inventory. Please send me a copy of PROFITS ON YOUR PREMISES.

Name _____

Address _____

BW-5-25

Teletalk

WEBSTER ELECTRIC
INTERCOMMUNICATION SYSTEMS



Any one of the
**GRAYBAR BRANCHES
IN 90 KEY CITIES**
will aid your selection
of **TELETALK**

Graybar men are in position to recommend the "Teletalk" intercommunication system best suited to your needs. They'll explain how you can talk to any one, or a dozen key men, by just flipping a key, demonstrate how easy it is to operate—and give examples of its time saving and better business organization.

Now is the time to put a "Teletalk" intercommunication system to work in your office. A call to the nearest Graybar branch as listed in your phone book or letter to the address below will bring full information.

GRAYBAR ELECTRIC COMPANY, INC.
Graybar Building, New York City



REMINDER TO THOSE WHO WAIT

A rain-soaked nylon line on Manhattan's Fifth Ave. provided Andrew Jergens Co. with a golden opportunity last week to publicize its current "I put Jergens face powder because . . ." contest. The grand prize: a dozen pairs of nylons annually for ten years. The stunt was dreamed up by Lennen & Macell, advertising agency, which sent the Jergens sandwich-board girl to walk along the line just long enough for the photographer to snap her picture.

giving the manufacturer more leeway without bringing about a raise in retail prices.

Noting that manufacturers and OPA seem to be in agreement that distributors should absorb some of the higher costs, dealers (principally in autos) are trying to reverse the trend legally. They would have Congress amend OPA's charter so that a reduction of established retail trade discounts and handling charges would be forbidden on any commodities in short supply.

• **Two Reasons**—And wholesalers and retailers, as a group, are watching for any individual moves on the discount front. They want to be in on whatever changes may be pending. Their reasons are twofold (1) to prevent a radical revision of trade allowances, and (2) to keep the topic of cost-absorption from broadening to the point where it might lead to a revision—not only of discounts—but also of margins.

SELF-REGULATION URGED

Dr. Frederick J. Cullen, executive vice-president of the Proprietary Assn. of America (whose members produce 80% of United States-made packaged medicines), last week urged self-regulation of advertising on association

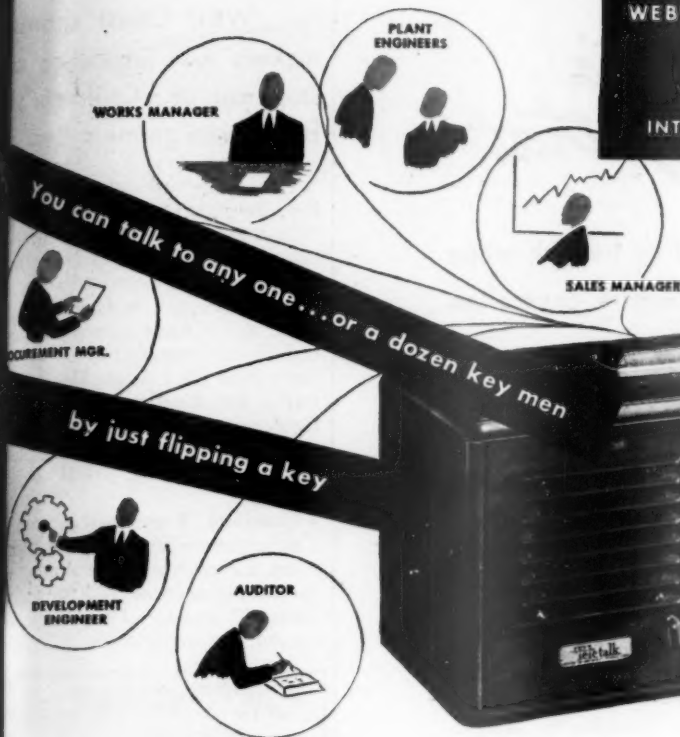
members at their annual convention in New York.

He plugged for creation of four committees. Three of them would represent newspapers, radio, and magazines respectively, with a P.A.A. member on each, and would meet frequently to discuss patent medicine advertising problems peculiar to their media. Fourth, top-level committee representing all media and the P.A.A., would coordinate the efforts of the other three committees.

RADIO SET SALES LAG

Radio retailers and wholesalers are betting on a price comedown on new plastic table models—practically the only type of set now available by Christmas. Sales have fallen off the point where they are considerably below expectations, while production of the small models is relatively high.

Merchants think that the public's reaction to frequency modulation and television have been reaping of late is causing many a potential buyer to put off purchase of a set until more elaborate jobs are on the market. Feeling is prevalent that the price of the table models is pegged too high, and that inevitably must come down.



You can talk to any one...or a dozen key men
 by just flipping a key

Easy...time saving...better business organization

How many times have you had to postpone completing work until you have had time to speak with your sales manager, plant engineer, works manager, or any one of a number of others to secure necessary information?

Too many times these postponements drag out into a longer period of time than you originally intended. "Teletalk" intercommunication system can stop this delay; for with a "Teletalk" all you have to do is reach over—

flip a key and carry on a conversation with key individuals—information is secured and you complete your work on schedule. It is easy...time saving...better business organization.

"Teletalk" intercommunication systems are available for large or small businesses. Their cost is not excessive and the expense of operation is negligible. They have a natural tone and prove outstanding time savers.

For full information check your

phone book for a "Teletalk" representative and have him call. If you do not find him listed write direct to Webster Electric Company, Racine, Wisconsin.

Check
your
Phone
Book
→



Licensed under U. S. Patents of Western Electric Company, Incorporated, and American Telephone and Telegraph Company

WEBSTER
 RACINE



Established 1909

ELECTRIC
 WISCONSIN

Export Dept. 13 E. 40th Street, New York (16), N. Y. Cable Address "ARLAB" New York City

Where Quality is a Responsibility and Fair Dealing an Obligation

Aunt Bessie had a lot of luck—

*"...a pinch of this,
a dash of that"*

You're not depending on luck when
you employ chemically controlled

Alorco Aluminas

Nature's a lot like Aunt Bessie—probably averages out well as a compounder, but likely to vary enough to make individual results mighty uncertain.

There's no such uncertainty when you're working with Alorco Aluminas in your catalytic processes—as catalysts, carriers, and auxiliary catalysts. Each lot is exactly like the previous one, because of our accurate control of production.

Decide what characteristics you need for your catalytic work and then ask our engineers which Alorco Alumina has those properties. We'll send you samples for trial in your own processes.

ALUMINUM ORE COMPANY, Subsidiary of
ALUMINUM COMPANY OF AMERICA, 1935 Gulf Building,
Pittsburgh 19, Pennsylvania.



ALUMINUM ORE COMPANY



Aluminas and Fluorides

SUBSIDIARY OF ALUMINUM COMPANY OF AMERICA

California for A

West Coast sports
makers lose injunction suit
stop use of "California"
by eastern garment firms.

California garment manufacturers have long resented the use of the "California" in labeling garments outside the state. Last December resentment was expressed in an injunction suit brought by California Apparel Creators, a trade association, and California manufacturers to prevent three New York firms—Wieder of California, Inc., Cortley Shirt Co., Inc., and California Sportswear, Inc.—from using "California" in their labels and product descriptions (BW—Apr. 2, p81).

• **Common Property**—Last week Californians were rocked on their heels when a New York federal court denied them an injunction (and the \$1,000 damages asked). The judgment dismissed the complaints and permitted



MAPPING OUT A FUTURE

Aboard a troopship coming home from Japan, John Drury, former advertising artist, drew for himself a toon memory map of his segment of the war. When nearly half the G.I.'s on board wanted one, he decided to go into business as Mem-O-Map in Hollywood. Drury drew four "Mem-O-Maps" of the Pacific theater, leaving space for each veteran to add his own data, has placed them in gift and department stores. He also sells call for peacetime maps, too.

PRODUCTION EQUIPMENT

NOW!

MODERN MACHINES... MANY MODELS... STANDARD MAKES

Modern machine tools are in work. You need the production equipment for the production. Thousands of modern machine tools are available for sale at very low prices. On hand, at every War Assets Administration office in the U. S., there are hundreds of modern machine tools in every category, of modern production equipment. Nearly every category, of modern production equipment can be obtained at low cost. You have a unique opportunity to obtain modern equipment at low cost. Check this partial list to see if you need any of the equipment. Then write, with all details, to the nearest War Assets Administration office for detailed information. If you prefer mail the coupon.

CHECK LIST OF SPECIAL MACHINE TOOL BUYS!

MACHINE (Number)	TYPE	SIZE OR CAPACITY	Quantity Available (Approx.)
Drill	Horizontal Floor & Portable Drilling Type	Up to 24" Swing	500
	Horizontal Floor & Portable Drilling Type	Up to 24" Swing	100
	Horizontal Floor & Portable Drilling Type	Up to 24" Swing	200
	Horizontal Floor & Portable Drilling Type	Up to 24" Swing	300
	Horizontal Floor & Portable Drilling Type	Up to 24" Swing	400
	Horizontal Floor & Portable Drilling Type	Up to 24" Swing	500
	Horizontal Floor & Portable Drilling Type	Up to 24" Swing	600
	Horizontal Floor & Portable Drilling Type	Up to 24" Swing	700
	Horizontal Floor & Portable Drilling Type	Up to 24" Swing	800
	Horizontal Floor & Portable Drilling Type	Up to 24" Swing	900
	Horizontal Floor & Portable Drilling Type	Up to 24" Swing	1000

EXPEDITING FREE! COUPON

Fill in and mail this coupon to the nearest War Assets Administration office. It will expedite your purchase of surplus property. It is a valuable service to you. Fill in and mail this coupon to the nearest War Assets Administration office. It will expedite your purchase of surplus property. It is a valuable service to you.

Your most immediate basic needs . . . and America's . . . for machine tools and industrial equipment can be met *now* out of war surpluses.

Many of the machines and materials you need to put production in high are available now through 33 W.A.A. regional offices serving the country's major production centers. What you need to know is *what* is available and *where*. Hence this advertisement, to inform you and your organization on where to look for this vital information.

So give the "go ahead" signal today. Bring this message to your key personnel. Ask them to watch for special surplus announcements now appearing regularly in important trade and newspaper advertising. Better yet, suggest they visit the nearest War Assets Administration office listed below.

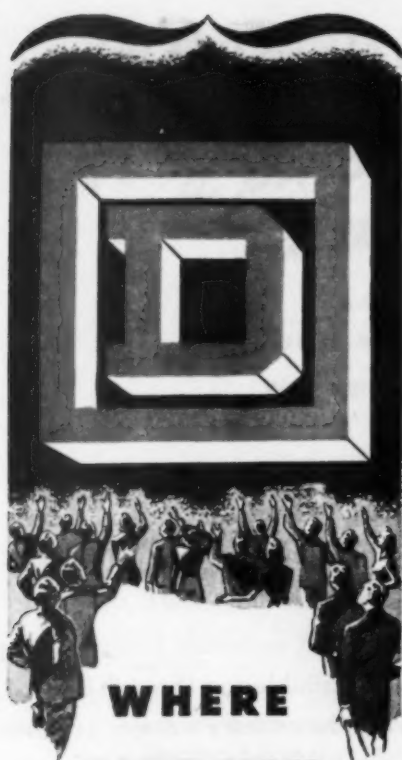
WAR SURPLUSES ARE NOW AVAILABLE IN THESE CATEGORIES OF PRODUCERS' AND CAPITAL GOODS.

- Chemicals—organic, industrial and related
- Communication and Electronic Equipment
- Electrical Machinery and Apparatus
- Fabricated Metal Products
- Industrial Machinery Equipment—(General Purpose)
- Industrial Machinery—(Special)
- Lubricating oils and greases
- Machine Tools
- Metal Working Machinery
- Paints, varnishes and lacquers
- Plastics—cellulose, condensation and polymerization
- Steel—ferrous and non-ferrous

WAR ASSETS ADMINISTRATION

OFFICES LISTED BELOW ARE TEMPORARILY IN RECONSTRUCTION FINANCE CORPORATION AGENCIES


located at: Atlanta • Birmingham • Boston • Charlotte • Chicago • Cleveland • Dallas • Denver • Detroit • Helena • Houston • Jacksonville • Little Rock • Los Angeles • Louisville • Minneapolis • Nashville • New Orleans • New York • Oklahoma City • Philadelphia • Portland, Ore. • Richmond • St. Louis • Salt Lake City • San Antonio • San Francisco • Seattle • Spokane • Cincinnati • Fort Worth (Telephone 3-5381)



WHERE HAVE YOU SEEN THIS EMBLEM BEFORE ?

In a home perhaps . . .
or in an office building
or in a factory . . .
or in a plane . . .
or on a ship . . .



Wherever electricity is distributed
and controlled, you'll find equipment
bearing the  emblem.

SQUARE D COMPANY

Field Engineering Service through Offices
in 50 Principal U. S. and Canadian Cities

the defendants to continue using the name "California" on their merchandise and in their corporate names. An exception was made concerning certain claims involving California Sportswear Co., one of the plaintiffs, and these were reserved for a separate trial.

The court ruled that the plaintiffs could not acquire a valid trademark right in the word "California" because it is a geographical term and as such could not become the exclusive property of one party.

• **No Description**—To plaintiffs' claim that the defendants were attempting to capitalize on the glamor and reputation of the Golden State and the demand for California-made merchandise, the court replied that since neither the cloth used by California manufacturers nor the yarn in it is made in California, there is not sufficient relationship between the origin of their material and the locality where it is made to warrant an exclusive use of the name by manufacturers in that locality.

Furthermore, the court pointed out that the California label is associated by consumers with a type of clothing suitable for the mild climate and outdoor relaxation found in that state. Hence a manufacturer making such clothing does not deceive in putting "California" on his label.

JOURNAL OF AIR AFFAIRS

Air Affairs, Inc., a nonprofit institution which will publish the International Journal of Air Affairs, was formed this week. The publication will be a nonpartisan, scholarly quarterly devoted to the impact of modern commercial aviation on social institutions. Editor (and president of the association) is William D. Partridge. First issue is scheduled for June.

Air Affairs' 114 charter members (at \$100 each) are both influential and international. They include Charles F. Kettering, vice-president of General Motors Corp.; H. J. Symington, president of Trans-Canada Air Lines; Robert L. Clarkson, chairman of American Express Co.; J. Bento Dantas, president of Servicos Aereos Cruzeiro do Sul in Brazil; Per Norlin, president of Swedish Intercontinental Airways; and William L. Clayton, U. S. Assistant Secretary of State.

The 43 corporate contributors (top limit \$500) include major airlines, aircraft manufacturers, rubber manufacturers, oil companies, and Lehman Bros.

PLEADING FOR BATTERIES

While many a manufacturer is moving heaven and earth to keep the government from dumping his war-made products on the market, Thomas A. Edison, Inc., has been trying vainly since last

fall to have government-held collaterals batteries it made during the war cleared surplus and distributed to consumers.

These big storage batteries are actually needed, chiefly for use in electric industrial trucks and by hospital emergency power systems. Edison, producer of this kind of nickel battery, is 13 months behind on deliveries.

This week the company was still hammering at War Assets Administration to do two things: (1) put a fire on the owning agencies, principally Defense Plant Corp., to declare the batteries surplus; and (2) agree that Edison will have a chance to recondition them before they go on the market. The company ruefully remembers that after last war, buyers of surplus batteries came back at the company because some went sour.

Edison is willing to handle the batteries as buyer or agent, on any basis satisfactory to WAA. It points out that redistribution now not only would assure more orderly marketing, but would bring the holding agencies a better return than distribution later when new batteries are freely available.

WAA sees no objection to Edison proposal, but the mills of government grind slowly and the whole matter, involving a few thousand batteries at perhaps \$1,500 to \$2,000 each, is a tiny small potatoes.

P. S.

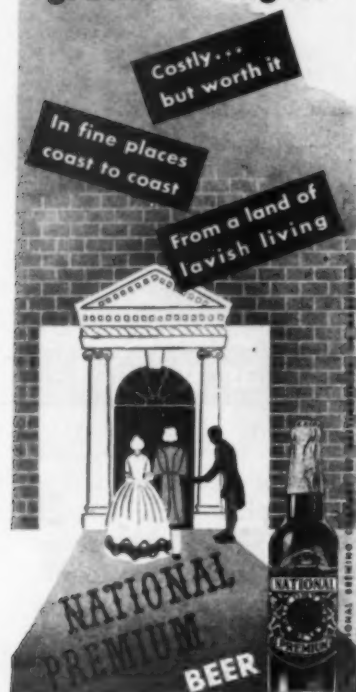
The Chicago Tribune this week claimed itself "the first Chicago paper to publish a facsimile edition by radio" after transmitting a four-page miniature Tribune the 29 mi. from its frequency modulation station WGNB to Wheaton (Ill.) estate of publisher Robert R. McCormick. The Tribune plans triweekly broadcasts, will place a facsimile receiver in its downtown office for public inspection, hopes to install 100 receivers in the Chicago area.

Small electrical appliance prices will rise 4% to 5% at retail as a result of 9.3% wage-price increase which Congress has just granted manufacturers. Appliances which sell at uniform retail price all over the country, with no free differentials, will be priced exactly higher.

The Chicago Sun claims to have clinched leadership in church advertising among the five Chicago newspapers in the first four months of 1946 it carried 53% of the 91,213 lines placed at all churches.

Pittsburgh merchants are trying to guess which New York department store bought the Old City Hall for \$975,000. Consensus: Lord & Taylor. Best & Co. didn't figure in the speculation, and already has plans for a Pittsburgh store.

in keeping with
the best Maryland
traditions of
gracious living...



THE AMERICAN APPRAISAL COMPANY



Valuations
Property Records
Depreciation
Studies

Fifty Years of Service
1896-1946

725,308 dues-paying members, 66,900 others still in the armed services, and 61,200 members temporarily excused for various reasons from paying dues.

At the time the officers' report to the convention was prepared, net assets

amounted to \$5,445,415, and net income was averaging \$55,000 monthly. The steel strike this year, with a cost to the union of \$600,000, was weathered easily. Organizing work is progressing; of 737 collective bargaining ele

THE LABOR ANGLE

Welfare

Win, lose, or draw, John L. Lewis has made the welfare fund idea the year's most important union demand. If he gets it for his miners, every other labor leader will want the same thing or something else equally dramatic. If he doesn't, other labor leaders will want to show that they can succeed where Lewis failed.

Employers should now be preparing to deal with this demand when their present union contracts expire. In the needle trades, where such funds to finance medical, dental, and hospital care and insurance benefits have had the longest history, their terms are set in wage negotiations, and the employer contribution (a percentage of payrolls) is bargained out as part of wage costs. With a welfare fund taking on central importance in the list of union demands, it is not impossible that a union will accept a lower wage increase if the employer agrees to make payments into a welfare fund. An employer should not lose sight of this possibility, nor should he be unprepared with facts on the actual cost of insurance and welfare benefits.

Annuities

Some unions, notably the steelworkers under the leadership of Lewis' archrival, Philip Murray, will determinedly shun a welfare fund demand because they don't want to be thought of as playing a "me too" part. What Murray's steelworkers will play up instead of the welfare fund is already known. It's the annuity or annual wage demand.

Under Murray's inspiration, the convention of the United Steelworkers of America, meeting last week in Atlantic City (page 89), directed its negotiators to get a 50-week wage guarantee from the steel industry when it bargains out a new contract next February. Such action by the convention is tantamount to authorizing a strike to back up the demand.

The steelworkers' concept of an annual wage is very much like an annuity. It is substantially broader

than a guarantee of employment. In particularizing what the union had in mind, Clinton S. Golden, Murray's assistant, spoke of its covering steelworkers who are technologically displaced. This would mean that if, say, 500,000 workers are now employed in the basic steel industry, each one of them would be insured for 50 weeks' wages a year, indefinitely, regardless of how many of them are needed in the mills in future years.

In one form or another, such a demand is destined to be heard all over the industrial landscape during the winter of 1946-1947. Employers need not be surprised when it is tossed on their desks.

Red-Baiting

While the convention of Murray's steelworkers surprised no one by going overboard on annual wages, it did make fools of some prophets who predicted that it would provide the occasion for Murray to launch a purge on Communists in the C.I.O.

The steelworkers, firmly part of the C.I.O.'s right-wing and eager to go just as far in taking an anti-Communist stand as Murray will let them, sent 243 separate resolutions to the convention's resolutions committee on the Communist issue. Had the convention been given an opportunity to express itself, the smouldering left-wing right-wing fight within the C.I.O. would have flamed into the open, and a showdown would not have been averted.

Instead, Murray blocked all debate on the issue by making a speech which the Communist Daily Worker hailed as barring red-baiting. To be sure Murray, not unmindful of the sentiment of his union, mentioned Communists, along with Socialists and "other groups" whose efforts to "infiltrate" in the union's affairs must be frustrated. But his statement on the problem, as the Daily Worker described it, "hit hard at new efforts of red-baiters," to bring the issue out into the open.

It is crystal clear that Murray is not taking any leadership in a move on Communists within the C.I.O.

92 stores took a Holiday



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Windows like this blossomed across the country when **HOLIDAY** magazine first appeared. Leading stores used the "Holiday" theme in their own advertisements . . . in college and fashion shops . . . in promotions for every kind of merchandise from sporting goods and hardware to evening gowns.

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EXCESS BAGGAGE

B. M. Larrick's determination ally to camp at the scene of negotiations availed him nothing but publicity. Manager of operations for Los Angeles Transit Lines, Larrick reported for a session with striking A.F.L. union with sleep bag, canned foods, other necessities of the well-equipped camper. But after 14 hours, negotiations immovable as the streetcars and have been since May 3, failed to agree and the meeting broke up. Principal issue idling 4,000 workers was wages. The union wants a \$1.36 hourly rate; the company has offered \$1.20.

tions in which the union participated in the last two years, C.I.O. victory resulted in 526.

• **Two Holdouts**—So far, however, major employers—Weirton Steel, the American Rolling Mills, and plants—have evaded organization. More determined drives to unionize the mills are now under way.

Current organizing emphasis is directed at persuading 75,000 white-collar workers in the steel industry to join membership cards. The steelworkers union now includes some 25,000 married workers and hourly paid clerical employees. Recognizing "special problems connected with the organization and servicing of salaried workers," the convention accepted a resolution of committee proposal for "appropriate steps and expert guidance" for white-collar locals. Suggestions for a special division for salaried workers were rejected as being too rigid craft distinctions.

• **Bargaining Plea**—This same resistance to departmentalize the union

up also on a request by fabricat-
 workers for separation, for bargain-
 purposes, from basic steelworkers.
 representatives of a number of locals
 fabricating plants (in which about
 100 union members are employed)
 ended that jobs were being jeop-
 and strikes prolonged by union
 on 18½ hourly wage in-
 s. Bargaining, they said, should
 upon the individual problems
 erent segments of the industry.
 hile resisting the creation of any
 l fabricating division—Murray es-
 ed 25 separate segments or units
 be necessitated by any breakdown
 e union into groups with similar
 ems and needs—the convention ac-
 a resolutions committee proposal
 the international executive board
 "consideration to the creation of
 utive bargaining machinery for the
 ating industry." Objective would
 p afford groups within these in-
 es "opportunity to present through
 collective bargaining representa-
 the peculiar problems affecting
 peculiar type of fabricating," ac-
 cording to Murray.

Annual Wage—Basically, how-
 the union would stand pat on its
 plan of negotiating through a
 policy committee, of about 250
 ed members.

at committee will be the spearhead
 for the union's 1947 negotiating
 ands, to be drafted this fall and
 mitted to steel employers before the
 ation of present contracts on Feb.
 1947. A prime demand will be,
 an annual wage guarantee (page
 objective of the union as far back
 ember, 1937. The union also will
 or establishment of Jan. 30—birth-
 of the late President Roosevelt—as a
 ay.

also will have before it 35 other
 als included in an omnibus "voice
 steelworkers" resolution drawn up by
 convention resolutions committee
 basis of suggestions received from
 steelworker locals. Unanimous
 sion of the resolution was tanta-
 nt to a pledge of strike action if
 nsary to back up the demands.

What the Locals Want—Among the
 unions' proposals were: pensions
 steelworkers; prohibition against ar-
 y retirement of employees above
 ain age limit; a 30-hour week with
 wage reduction; group insurance
 ificantly, mentioned also in a sepa-
 resolution calling for executive
 d investigation of group insurance
 for the industry); health and medi-
 nsurance; time and one-half for
 day work and double time for
 done on Sundays and holidays, re-
 ss of the number of hours worked
 ng the week; improved vacation
 ions, and a variety of points per-
 ing to working conditions. Some

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doubtless will fall by the wayside before 1947; others of the issues be much in evidence as a basis for bargaining.

Meanwhile, a drive will be pressed for correction of intraplant inequities on the basis of a top cost of 5¢ an hour per worker for each basic steel company (BW—May 18'46, p102). And, by unanimous instruction from the convention, union officers will oppose any "unconscionable speedup" attempted by employers, and any attempt by management to reduce operating railroad crews (under steelworkers' contracts) when steam locomotives are replaced by diesel engines.

• **Dues Raised**—Internally, the union turned down proposals that the international treasury pay the cost of all arbitration proceedings; raised dues from a \$1 minimum to \$1.50, with the

same amount, 75¢ a member, going to the international treasury; referred to the executive board consideration of consolidation of some small districts and changes in the boundaries of others; and gave the Murray leadership its lone setback by defeating its proposal for a reduction in the number of delegates to the 1948 convention.

On international issues policy statements were milder by far than those coming from left-wing C.I.O. unions. • **Truman Criticized**—From the first day the union was critical of the Administration of President Truman—from whom it did not solicit or receive the standard greeting. Immediate resignation of National Labor Relations Board member Gerard Reilly was asked, and the convention leveled its bitterest attack of the week on Civilian Production

Administrator John D. Small, dening his removal and the repudiation of his policies. Delegates gave unanimous indorsement to the C.I.O.'s Policy Action Committee and called for a fight to return to the course of action set by the Roosevelt administration. And with its sights on C.I.O. troubles ahead, Murray's belated union called for establishment in C.I.O. of "speedy, just, binding, and effective" machinery—such as C.I.O. court—for determination of jurisdictional disputes between international unions.

That resolution and Murray's statement of policy on external influences on union affairs appeared directed as much to the November convention of C.I.O. as to the workers.

Detroit Authorities Rule Home Picketers Out of Bounds

Detroit, long inured to picketing, got some fresh ideas on the subject last week in a series of developments that came to a head when a union picketed a painting job (right) being done by Alfred McEnhill on the house in which he lives.

• **Distinction**—A.F.L. painters who picketed McEnhill contended that the property he has occupied for 32 years is commercial because an insurance firm and beauty parlor also have space in the four-family terrace. The union's position is that painting done on commercial property must be done by A.F.L. painters.

McEnhill protested and the Wayne County (Detroit) prosecutor's office backed him up; it ruled that unions may not picket anyone painting his own home, but may picket legally any job by a non-union painter on any piece of prop-

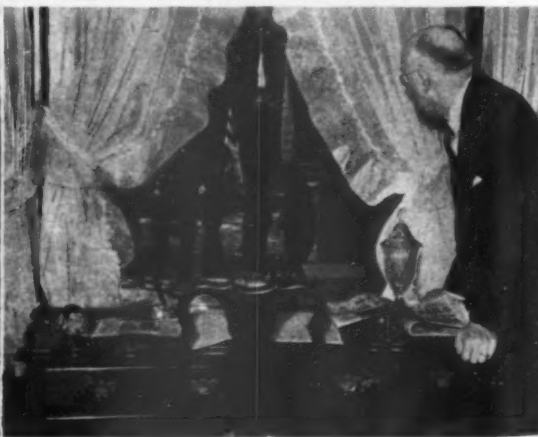


erty not his home. McEnhill may paint his own window sashes, but not those of other tenants.

• **Pickets Fined**—Police courts similarly restricted union members in another case involving picketing of a home. Edgar R. Ailes (below,

right), on the inside looking out, had 63 C.I.O. auto workers arrested when they picketed his home after he failed to attend strike negotiations of the Detroit Steel Products Co. of which he is secretary. Pickets got \$10 fines, which the union appealed claiming the verdict abridged picketing rights.

Joe Acho's grocery store was picketed by A.F.L. teamsters in their organizing drive on grocers and butchers (BW—May 18'46, p108). While a bored picket and three policemen maintained their vigil, Acho agreed to discuss union membership for his clerks. Later, three rapid-fire events stopped the teamster activities: An extortion writ was obtained against James Hoffa, union business agent; a one-man grand jury was named to investigate charges of illegal acts against the grocers; and the grocers obtained a temporary injunction against the union organizing campaign.





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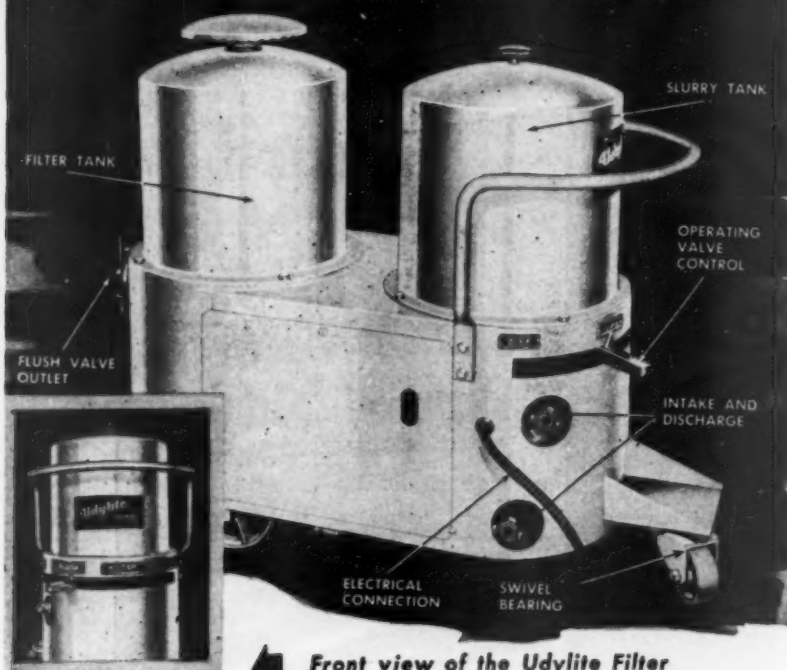
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Wolchok Front

Union leader seeks within ranks as big organizational drive is planned for the retail and wholesale store field.

Admittedly faced with disunity in its own ranks, the United Retail, Wholesale & Department Store Employees' Union of America nevertheless has laid the groundwork for an organizational drive designed to take it into every city and hamlet in the nation. Delegates to the union's fourth convention in 1947 approved this campaign and their five-day meeting in Akron last week.

• **Follows C.I.O. Pattern**—The new "organize the unorganized" will follow the pattern set down by the parent C.I.O. It will be aimed at unorganized retail store, department store, wholesale house, mail-order and warehouse not on a water-front basis. Currently the union is joining with the C.I.O. in "Operation U" to organize the South.

Its opportunities in the warehouse field were enhanced by a recent decision of the C.I.O. jurisdictional committee which awarded the union sole jurisdiction over all warehouse workers and those employed on waterfronts.

Casting longing eyes at some of labor's most fertile fields, officials of the retail and wholesale union predicted they would sweep through the nation.

• **Just a Sample**—Then to emphasize their point, they gave their headquarters a sample of what is in store for unorganized communities. Some 200 delegates formed into flying patrols. Carrying armloads of union literature they distributed leaflets and handed out to clerks and other employees who appeared for work. There was a temptation made to sign up members at the spot although leaders declared Akron was the No. 1 organizing project in a drive throughout Ohio. Far the city's stores are unorganized though Akron itself is a stronghold of unionism.

Samuel Wolchok, 53, the first and only president, who was elected at the convention, will lead the over-all campaign. It was he, a former New York grocery clerk, brought out into the open charge of "double-crossing and machinations" are going on in his organization. A veiled reference was to a standard right-wing fight for position and influence that is becoming increasingly typical of C.I.O. union conventions.

• **Not Unanimous**—Wolchok was the dominating figure of the meeting.

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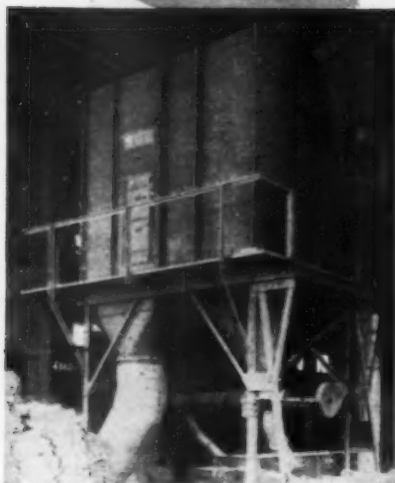
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A.F.L. Moves on Chicago Department Stores

Progress of the A.F.L. Building Service Employees Union's ambitious campaign to enroll employees of all Chicago department stores was marked by moves on three fronts last week.

The drive to crowd the C.I.O. department store employees union from the State Street scene was opened last December by William L. McFetridge's rejuvenated union with the taking over of the C.I.O.'s U.R.W.D.S.E. Local 291, representing the Fair, Netcher's Boston Store, and the warehouse employees of Marshall Field & Co.

Last week's developments:

(1) Mandel Bros. and Marshall Field & Co. announced that all of their employees would go on a five-day 40-hour week, beginning June 3 at Mandel's and July 1 at Field's. Marshall Field also negotiated a contract with Local 242, B.S.E., representing nonselling employees which granted wage increases. Union leaders claimed partial credit for the shorter week at Mandel's, where an aggressive B.S.E. organizing drive

is under way. The union is expected to press for a five-day week at the Fair, Hillman's Stop & Shop, and Netcher's Boston Store when present contracts expire in June and July.

(2) Members of U.R.W.D.S.E. Local 329, with a contract representing 500-600 employees at Hillman's Stop & Shop downtown food stores, voted to sever all ties with the C.I.O. and affiliate with the B.S.E.

(3) The National Labor Relations Board ordered an election among Marshall Field warehouse employees to determine whether B.S.E. or U.R.W.D.S.E. shall be the bargaining agent. NLRB decision on a similar petition for election at the Fair is expected soon. The regional NLRB director at Chicago recently ruled against a C.I.O. charge that the Boston Store-B.S.E. contract, signed after the union flip-flop, is illegal. Appeal from the ruling has been made to Washington.

A suit by C.I.O. officers to recover books and records of their former Local 291 will be heard in the local courts late this month.

while he was unopposed for another term and no votes were cast against him, his election was not unanimous. The Communist-controlled New York factions, which had made a deal with Wolchok for executive board positions, remained seated while a standing vote for Wolchok was taken.

Left-wingers had agreed not to oppose Wolchok in return for his support for board candidates and for the directorship of the warehouse organizational drive.

While in none of the balloting did the left-wing forces manage to muster more than 15% of the total ballots cast, they were able to bargain with Wolchok because he faced formidable right-wing opposition.

• **Wolchok Seeks Unity**—Actually the delegates were divided into three major blocs—the administration supporters who controlled the convention, a "progressive" caucus led by Lawrence A. Steinberg of Toledo, a member of the executive committee, and the left-wing group, led by Arthur Osman of the union's Local 65 in New York City.

Wolchok gave concrete evidence of his desire for unity within the ranks on an administration-sponsored resolution authorizing the executive board to order special assessments without a referendum.

The proposal passed by a majority vote but instantly the "rightist" opposi-

tion led by Steinberg raised a strenuous objection. Sensing the bitterness of this issue, Wolchok got the two factions together and presented a new resolution, a complete reversal of the first, which passed. This measure provides that only by referendum vote can the board order special assessments.

• **Attack on Bridges**—Wolchok made it plain that his union is going to fight for members in every warehouse except those on the waterfront. He revealed this in castigating Harry Bridges, the president of the International Longshoremen & Warehousemen's Union, another C.I.O. affiliate.

His bitter condemnation of Bridges was for ordering "scabbing" and "backstabbing" during the strike called against the Montgomery Ward & Co. by his union in 1944 and 1945. He labeled Bridges' action in ordering his members to work while the retail workers struck as one of the "most disgraceful betrayals in the history of the labor movement."

• **Small Membership Gain**—The retail union, which shortened its name during the convention to the Retail, Wholesale & Department Store Union, enters its organizational drive in the best financial condition in its nine-year history.

Net assets as of Apr. 30 were \$177,714. Total income since the last convention in Chicago in 1942 was \$1,602,000, and total expenses were re-

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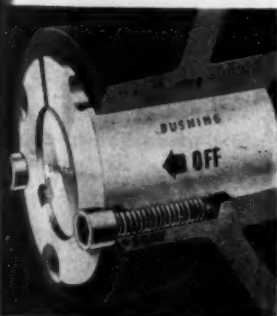
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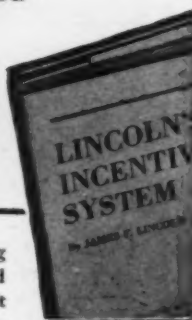
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ported at \$1,551,000, leaving \$51,000 to surplus.

Actually it was not a profitable period for the union from a membership standpoint. It gained only 15,000 members net during the four-year period although it took in 200,000 members. The war caused a tremendous turnover in its ranks. Some 40,000 entered the Armed Forces and tens of thousands of others took jobs in war plants.

• **In 100 Cities**—The 125,000 now on the rolls include 45,000 in the retail stores division, 40,000 department store employees, 16,500 in the warehouse and wholesale section, 15,000 in production, and 7,500 in service industries.

Detailing the international's growth, Wolchok reported that 150 locals located in 57 cities in 20 states and the District of Columbia were chartered in the last four years. There are locals now in more than 100 cities in 32 states as well as in nine cities in Canadian provinces.

One of the major achievements in the past year is winning national agreements with two chains. One is the Canteen Service Corp. and provides for a closed shop for workers employed in industrial plants in ten cities from New York to Indiana. The other is with the Douglas Shoe Co. employing several hundred union workers in 81 stores located in 18 states from Maine to Mississippi. The union also has an agreement with the Nedick food chain with branches in six states.

• **Growth in Food Field**—Since the last convention, the union has made important strides in the service and food processing industries which heretofore were not represented. It also has become a dominant labor factor in mills processing grain and flour and in plants making dairy foods products.

Decorously Idle

White-collar employees of Boston engineering office keep up their strike, aided by other walkouts in building trades.

Decorously but persistently, well-dressed pickets (many of them college graduates) have paraded for weeks before the Boston door of the engineering firm of Stone & Webster. Boston newspapers call it the city's first white-collar strike and the longest white-collar strike in the country's history.

Nationally, the strike is attracting attention in labor circles because it is being conducted by A.F.L.'s little known, comparatively inactive rival C.I.O.'s militant, left-wing United Office & Professional Workers Union. The strikers are members of Local 10 Technical Engineers, Architects Draftsmen.

• **Out Since Mar. 26**—A deadlock between Stone & Webster and 628 workers in the firm's design division has continued since Mar. 26, when the union walked out because its demands for increased pay and minimum scales had not been met.

Maurice J. Scott, Local 125 president, admits surprise that the strike has lasted so long, but says that only about 4% of the strikers have gone back to work.

Labor kibitzers who had voiced opinion that the dignified pickets weren't being "tough enough" took notice at the end of April when Boston building trades unions backed up the strike by walking out on three construction jobs where engineering was being

G.M. May Handicap: 381 Strikes on Output

A pointed illustration of how strikes affecting outside suppliers continue to harass plants which are themselves free of strikes and ready to produce has been compiled by Charles E. Wilson, president of General Motors Corp. It is a mid-May record of the number of strikes in G.M. suppliers' plants which are affecting production in each one of

his own General Motors divisions.

The total of such strikes, excluding any count of coal or railroad troubles, is 381. Eliminating cases in which more than one division is hit by a single strike, G.M. comes out with a net-strike handicap of 142. The full record of supplier strikes affecting production in each G.M. plant is:

A. C. Spark Plug.....	11	Delco Remy	22	Hyatt	2
Aeroproducts	5	Detroit Diesel	9	Inland	6
Allison	4	Detroit Transmission	2	McKinnon	4
Brown Lipe Chapin.....	3	Diesel Equipment	3	Moraine	2
Buick	11	Electro Motive	8	New Departure	23
Cadillac	18	Fisher Body	18	Oldsmobile	15
Chevrolet	68	Frigidaire	20	Packard Electric	9
Cleveland Diesel	10	G. M. Canada.....	19	Pontiac	11
Delco Appliance	9	G. M. Truck.....	23	Rochester Products	1
Delco Products	14	Guide Lamp	8	Saginaw Malleable	6
Delco Radio	8	Harrison	12	Saginaw Steering Gear..	1

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MIGHT...TO MOVE MOUNTAINS!

MOUNTAINS of freight—an average of more than *four million tons* per day—were moved last year by American railroads. A total of better than *a billion and a half tons* of machinery and equipment, of stores and supplies, of products and foods—moved from factories and farms to markets and homes over the nation. In addition, our railroads carried over a billion passengers at an all-time high...And 94 per cent of the locomotives that perform these daily miracles of essential transportation are powered by Bituminous Coal!

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And that, coal works for the railroads in other important ways. A ton of Bituminous Coal goes into the making of every ton of the steel needed for bridges, for rolling stock, for tunnels, for bridges, stations. From coal, comes elec-

tricity to run the signal systems, and to operate the air-conditioning equipment.

In fact, more than 62 per cent of *all* America's electricity—for industry, farm, and home—is generated from coal! And modern coal-burning steam plants generate electric power at lower cost than is possible in any other way.

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Indeed, our very civilization depends on this mineral of myriad uses. That's why *anything that affects the coal industry also affects you—whether you actually burn coal or not!*

Experience Says, BURN COAL

For the home, Bituminous Coal supplies steady, uniform healthful heat. It is also the most economical, most dependable; most plentiful home-heating fuel. Better than 4 out of every 7 homes in the U.S. already heat with coal. And, when you install one of the marvelous new stokers, Bituminous Coal becomes an "automatic" fuel—even to the point of ash removal. Clean, quiet, odorless, smokeless!

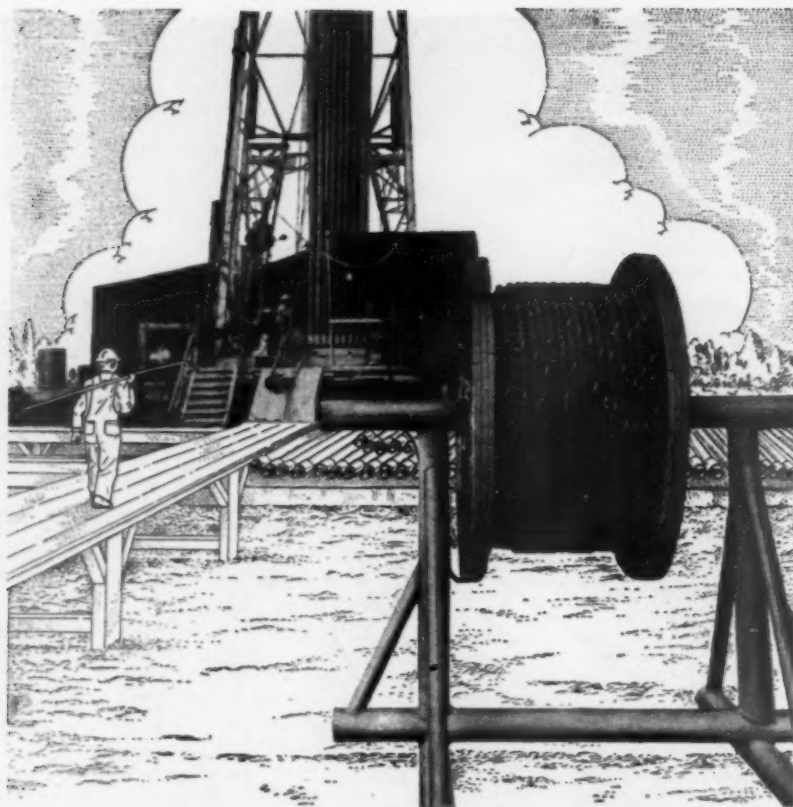
For industry, Bituminous Coal is the most available source of low-cost, dependable electrical energy—and steam power.

By far, most of America's heat, light, and power come from Bituminous Coal.

Out of every dollar of Bituminous Coal sales at the mines, the miners receive an average of over 60¢ in wages—the mine owners average about 2¢ profit.

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Such a line aids in handling the heavy pipe easily, safely . . . in reaching the oil sands faster.

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PREFORMED WIRE ROPE • BRAIDED SAFETY SLINGS

handled by nonunion Stone & Webster employees:

• **The Affected Companies**—One of the walkouts occurred at the Waterbury (Mass.) branch of Manning, Selvage & Moore, which is headed by R. W. R. Wason, president of the National Assn. of Manufacturers. Lever Brothers at Cambridge, and Montaup Electric Co., at Somerset, Mass., were also affected.

Stone & Webster began to negotiate its first contract with the two-year local last June. Negotiations broke down on the wage issue after Stone & Webster had upped pay once. The company then offered a new scale, which it said would yield more take-home pay for the current 46-hour week than the wartime wage scale provided for a 40-hour week.

• **Offer Rejected**—The union rejected the offer on grounds that the new rates were lower than those of competing firms. It also set forth that the work-week had been 54 hours, and the company was planning to reduce it to a 40-hour week, which would devalue workers of present compensation to 40 hours weekly at time-and-one-half.

According to job descriptions set upon by Stone & Webster and the local, a designer (the category which about half of the strikers must have a technical degree and or six years of experience. Stone & Webster offers \$1.68 an hour to designers, who, the union argues, should make \$2 an hour because of their training.

• **Opposed Viewpoints**—Scott says the union is willing to arbitrate the amount of the wage increase if the company grants minimum rates.

Stone & Webster declares it has refused arbitration because it wishes to reach an agreement with the union without outside influence. The company demands that the contract be signed before arbitration begins.

Hearings before state and federal conciliation agencies have thus far accomplished little.

FISHERMAN'S STRIKE ENDS

Final ratification of an agreement with Boston's fishing fleet owners—May 11 '46, p100) this week ended the 139-day strike of trawler crew members of the Atlantic Fishermen's Union (A.F.L.). The strike had cost boat owners an estimated \$5,000,000, and caused a deficit of 60,000,000 fish in Boston's fishing docks.

The agreement gives fishermen 40 "lay of the catch," or share in gross earnings of the fishing trip, also provides additional accident security benefits, and arbitration of disputes except those arising from stoppages. The union's right to

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**Increased occupancy...
Fewer elevators...
Better service**



View of lobby showing elevator entrances and dispatching panel which indicates position and direction of travel of cars and location of waiting passengers. At right: Penthouse machine room after Otis modernization.



The experience of the Wells Building typifies the increased operating efficiency and the reduced operating costs made possible by Otis elevator modernization.

Formerly, this building, with an occupancy rate of 85%, was served by 6 hydraulic-plunger elevators. These were replaced with 4 modern, high speed gearless Otis elevators with Peak Period Control. Although the building is now 100% occupied, tenants are receiving better service even in peak periods. With 4 elevators doing the work of 6, the building has made substantial savings in operating costs.

A survey, plan and estimate covering your specific modernization needs incurs neither cost nor obligation. For the finest in vertical transportation tomorrow, call the nearest Otis Office today.



in slowdowns or strikes to keep prices at a "reasonable" level is guaranteed by provisions that the union in no way deprived of its rights to state and federal laws."

This clause brought quick peace in Boston that the fishermen's union had won the right to control prices of fish in the Boston market, since whenever the union considers prices too low it now can limit its supply until the law of supply and demand brings quotations back to high levels.

Included in the new security law was a union-administered welfare fund, into which fishermen will contribute 1% of their lay.

HOT WEATHER WARNING

With the hot summer months ending, many businesses are doubtless planning to give their white-collar workers extra time off, or some other concession without reducing the weekly pay envelope. To some this is an old practice to others it may be an innovation.

Both groups are cautioned by the National Wage Stabilization Board to make clear to their employees the temporary character of the summer arrangement. Otherwise, when they return to normal practices in the fall, they will find their employees complaining of a wage decrease, which would be difficult without NWSB approval.

Wage stabilization regulations in the past have always construed a reduction in the number of hours worked a week without a corresponding reduction in pay to be in effect a wage increase requiring government approval.

Controls have been removed for wage increases (except where they are to be used for price relief), which will permit the employer to do as he pleases in regard to summer holidays. But they have not been lifted from wage decreases. Hence the NWSB warning.

EDITORS' CLEARINGHOUSE

Wartime growth in company "house" publications to an estimated total of more than 5,000 in the United States produced at a cost of \$50,000,000 a year, has had a not unexpected result: a monthly publication for editors of company publications.

Issued by the National Council of Industrial Editors, which lists 1,600 industrial editors as members, the monthly, called *Deadline* (with a subtitle "d"), is characterized as a clearinghouse of basic material for editors.

The new publication will be distributed "to every known house publication editor in the United States and Canada every month." To aid the National Council in financing it, prospective advertisers were circularized within the first or May issue.

THE INTERNATIONAL OUTLOOK

BUSINESS WEEK
MAY 25, 1946



You can assume that, as a result of the failure of the Paris peace conference, the world is going to fall into a two-bloc system (Russia vs. the western powers), and draw your long-term business plans accordingly.

This does not necessarily mean that the world is already heading for another war.

It is still possible that the two blocs—each competing for ideological supremacy—will find a way to get along together indefinitely.

But if the breach, unmistakably discernible at Paris, widens seriously when the peace conferees reconvene in June, hope of maintaining even a semblance of "one world," operating through the U. N., will dwindle rapidly.

Ignore rumors that either side is ready to fight a showdown battle now.

Russia, despite maintenance of a large Army, is hopelessly weak as the result of the mass destruction of its industry and transport system.

Stalin, and any one who may succeed him in the Kremlin during the next 20 years, will do almost anything to maintain peace.

Meanwhile, a series of five-year plans will push the rehabilitation of industrial centers above all other construction.

Moscow, aware of the military demands resulting from its isolationist course, cannot allow anything to interfere with plans to make the country industrially self-sufficient as rapidly as possible.

There is no conflict between this long-term need for peace and Russia's present bumptiousness in all international negotiations.

The trend of draft legislation in Washington and the need to settle dangerous economic and colonial problems in London provide ample evidence that the western powers are equally unready for a military showdown.

Watch for a barrage of scare news about the U. S. S. R. during the next few weeks.

It will result from a studied effort by Washington to feed out news which will:

(1) Support Secretary James F. Byrnes in his threat to make separate peace treaties (with Italy, Rumania, Bulgaria, and Finland) unless Russia cooperates in an over-all Allied pact.

(2) Help push the British loan through the House and thus pave the way for a prompt strengthening of the western bloc.

However widespread the satisfaction in this country over Washington's apparent determination to force the Russians to cooperate now or go their own way alone, there can be little confidence that this Administration either has worked out a careful long-term foreign policy or is prepared to back such a program with intelligent leadership.

Diplomacy these days resembles catch-as-catch-can contests among small boys in back alleys.

This means that business can look for a minimum of guidance from government.

The job of charting this country's economic course will be left largely to business executives.

Current developments challenge business to face this new responsibility

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
MAY 25, 1946

promptly. London is offering India a new system of government which, if adopted, would allow the Indians a far greater degree of independence than they have had.

At the same time, if the British loan passes the House, Washington has reason to believe that India ultimately will benefit through freer access to dollar exchange heretofore sparingly parceled out of the wartime dollar pool by London.

If U. S. business wants a bigger share in future Indian trade, American executives need to take the initiative to get it.

No effective leadership can be expected from Washington in time to capture the initial trade prizes.

Likewise, the situation in the Argentine has changed drastically. The Braden policy (kill Peron's power by being tough with him) has admittedly been dropped because it was unsuccessful.

But nothing effective has been substituted for it.

Argentina was one of this country's best prewar markets.

If U. S. business wants to recapture this market, it's time now to demand of Washington:

(1) A diplomatic policy in line with realities; (2) An economic policy which makes the most of this country's strong bargaining position.

In the case of the Philippines, Washington has been forced to move because of the need for the adjustment of the prewar plan for Philippine political independence on July 4 of this year.

(1) A Philippine purchasing commission started this week through its Washington office to buy \$350 million of surplus goods to be used in rehabilitating the islands (page 110).

(2) In addition \$400 million has been granted the Filipinos as compensation for war damage, and part will be spent through the purchasing commission.

If you are in the textile business or merely interested in plans for the modernization of a key British industry, don't fail to be on the lookout for the British government's full report and recommendations for drastic reorganization of the moribund cotton textile industry.

Due any day, the report apparently demands compulsory action both on the amalgamation of the spinning section of the industry and on a levy on spindles to pay for reequipment.

Insiders in London report that the £250 million (approximately \$1-billion) needed for modernization will be advanced immediately by the government through the recently created Finance Corp. for Industry.

Note for newcomers in the foreign trade field:

The Committee for Economic Development has just published a valuable new handbook on international trade, including detailed information based on the experience of a number of business organizations.

Designed to assist manufacturers, wholesalers, jobbers, and retailers whose plans for postwar expansion include import and export operations, the handbook is available for 50¢.

BUSINESS ABROAD

Eastern Europe's Plight

There, as in the West, nations grope for stability that will permit reconstruction. How far trend to state control and isolation will go depends on restoration of industry and markets.

Behind many of the impasses which have led to the recess of the Paris conference of foreign ministers (page 10) were problems of eastern Europe, seldom considered and often misunderstood by western statesmen.

Despite the misunderstanding, the basic economic predicament of eastern Europe bears marked resemblance to that of western Europe.

Except in Poland, where there is no scarcity of coal, Europe's want-list reads: food, coal, transport, raw materials, and skilled manpower. This is no less true of Bulgaria and Austria than in France and Belgium.

Close to the Soil—As is true in western Europe, labor productivity in the East has been drastically affected by food scarcities; and manpower is staying close to the soil, away from famine-racked cities and mining communities. There is not enough coal to fuel the factories, nor is there enough to move the raw materials from mine to mill. Rail and road transport (through loss of equipment wrecked, damaged, or retained in Germany) is at only a fraction of prewar capacity.

As in western Europe, there are both stable and unstable governments. In eastern Europe, the governments range, as a rule, somewhat farther to the left. Nationalization and government intervention in economic affairs have gone farther in the East than in the West.

Skyward Spiral—Runaway inflation is a present fact in several Balkan states. Pending fiscal reforms and resumption of industry, the price spiral will continue to wend its way skyward.

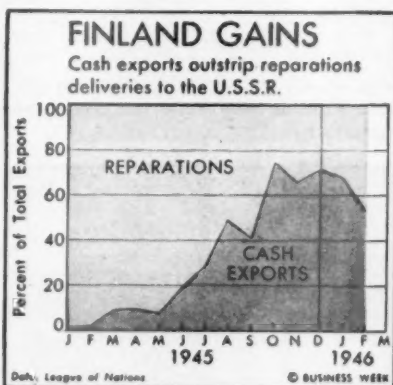
In the absence of currency stability, the trade of most of Europe is confined to barter arrangements. The exceptions are in eastern, but particularly in western Europe—are provided by trade financed on credit between liberated nations and neutral or non-European countries. Thus, large dollar loans to France or the Netherlands may sponsor trade with the United States (and these and other countries have also obtained credits from Switzerland and Sweden), but trade with other European nations is confined strictly to barter or clearing-agreement trade.

Walled Off—These circumstances have forced Europe to turn in upon it-

self, to apply autarkic principles in the absence of free access to world markets and resources. In eastern Europe, this has been accompanied by steady gravitation toward the Soviet Union—both as a source of raw materials and as a market for finished goods—in the face of insuperable transport and financial obstacles to trade with the West.

It is too early now, and it may be too soon a year from now, to read implications for the future from the pattern of economic relations among eastern European states and from their individual political-economic complexions.

• **Orator's Metaphor**—For the most part, the "iron curtain" between eastern and western Europe is an orator's metaphor. Considering the low level of



Although Finland, like most European nations, is far from being back to prewar levels in foreign trade, its commercial exports are nearly in balance with imports despite staggering reparations payments to the Soviet Union. Imports and cash exports last year were barely a third of their prewar dollar value. Scandinavian neighbors supplied 66% of Finnish imports (Sweden 51%), the Soviet Union provided 19%, and Britain 11%. Britain bought 34% of Finnish exports, the U.S.S.R. took 29%, Scandinavia 26%, and the U. S. and Argentina each about 2%. Reparation payments to the Soviet Union in 1945 exceeded cash exports by 35%.

European inland trade, there is sizable traffic across the imaginary boundary stretching from Stettin on the Baltic and Trieste on the Adriatic.

Considering the difficulties of travel and communication, there is substantial movement of persons and information across the boundary.

Considering the normal chaotic aftermath of war, there is much more factual data on what has happened, and is happening, to the countries of Europe than might be expected.

• **Barter Agreements**—Since the end of the war, European countries have concluded nearly 60 short-term barter trade agreements. Switzerland signed eight agreements in April to boost its total number of pacts since V-E Day to 19.

Bilateral agreements have few advocates in normal circumstances, but no other mechanism exists today when most nations of Europe are without gold, foreign exchange balances, or even a stable domestic currency.

They have been forced to return to the difficult days of the mid-thirties, when clearing agreements were the rule. In 1935, for instance, Bulgaria was a party to ten clearing arrangements; Greece to 14; Rumania to ten; and Yugoslavia to ten.

• **Western Europe, Too**—These agreements were not confined to eastern and southern Europe, but included France, Britain, Switzerland, Belgium, Spain, Finland. The Soviet Union, now a party to a dozen such arrangements, had only one in 1935.

Before there can be production—and with it the satisfaction of domestic needs which will go far toward creating price stability—there must be some trade: in fuel, in raw materials, in food.

According to official estimates at the end of 1945 or early this year, production in eastern Europe was barely one-third what it was before the war—more in some countries (Austria and Czechoslovakia, for instance) and less in others (such as Bulgaria and Yugoslavia).

• **Nationalization**—The status of both trade and production is inseparably linked to the reorganization of national economies which has followed the war. There has been, or will be, partial or substantial nationalization of production, utilities, and services, in Poland, Austria, Czechoslovakia, Hungary, Rumania, Yugoslavia, and Bulgaria.

In many of these countries, nationalization is but an extension and variation on prewar state monopolies, with this difference: Control is now vested, actually or nominally, with public authorities and a measure of responsibility rests with workers' committees at industry and plant levels (in Poland, Austria, Czechoslovakia, Hungary, and Yugoslavia).

• **Agrarian Reforms**—Most of eastern Europe—Poland, Hungary, Bulgaria,

Rumania, and Yugoslavia, at least—have instituted agrarian reforms, continuing the breakup of estates and at the same time upsetting—perhaps only for the time being—the traditional patterns of production.

Both Hungary and Rumania, implementing economic collaboration agreements signed with the Soviet Union in conjunction with barter trade pacts, have set up joint-stock companies with the Soviets in certain nationalized industries and services.

• **A Source of Fear**—There is nothing new about this procedure, since the Soviet Union organized a dozen similar joint enterprises in Europe between the wars. But considerable fear exists that such preclusive arrangements, in combination with the bilateral trade deals, will hinder the over-all expansion of production and trade, in Europe and throughout the world, which is the goal of United Nations economic agencies.

However, friction between the western nations and the U.S.S.R. on issues such as these is not confined to a theoretical plane.

• **Questions of Title**—In establishing joint-stock companies in the Balkans, the Soviets have uniformly provided as their share of the stock (except in the aviation firms) properties seized as reparations under the terms of the Potsdam agreement. In some cases the title is not wholly clear (as when it involves property obtained by Germany during the war, possibly under duress), and the United States and Britain have refused to acknowledge the validity of the companies.

Rumania, having formed four joint companies with the U.S.S.R.—shipping, petroleum, air transport, and banking (BW—Nov. 10 '45, p. 116)—is reported planning a forestry firm, and possibly a chemical and an insurance firm.

• **Even Farther**—Hungary has gone even farther. War damage cost the country 40% of its capital equipment, and the Potsdam reparations clause will give the U.S.S.R. 50 Hungarian firms. Joint stock companies for air and river navigation have been formed. A bauxite company, an oil exploration firm, a bank, and a truck-importing company are agreed upon but not formally established.

The joint companies have three Soviet and three Hungarian board members, a Soviet general manager, and a Hungarian president. The shipping company had nothing, or almost nothing, to operate until the Soviets sent 30 barges from the Ukraine.

• **U. S. Army Holds Ships**—Pending a little political negotiating on the legality of the Soviet seizure of the Danube Steam Shipping Co. (allegedly a German-controlled firm), the United States Army has been holding the bulk of Danube shipping in its occupation zone

of Germany. The ships belonged to a dozen European firms before the war but passed to German control, by one means or another, during the period of the conflict.

Any picture of the Balkans today is a confusion of detail through which runs a single thread: the groping for some measure of stability upon which to build the ill- or well-planned programs with which each government is armed.

• **Future Will Tell**—How far the trend toward state control and economic isolation will go, and how long it will last, may depend upon a medley of circumstances: upon how quickly the exchange of goods between neighbors can be expanded to permit industrial recovery and financial equilibrium, and upon how quickly the horizon of trade can be expanded to include traditional markets for the sale and purchase of goods and the acquisition of capital and equipment.

SOVIET-FINN AGREEMENT

An annex to the Soviet-Finn trade agreement, covering exchange of goods valued at \$32,000,000 in the second half of 1946, makes special provision for private trade with Soviet foreign trade agencies.

It is provided in the agreement that \$1,500,000 of the trade (about 5%) may be set aside to be handled by private Finnish importers, exporters, and manufacturers.

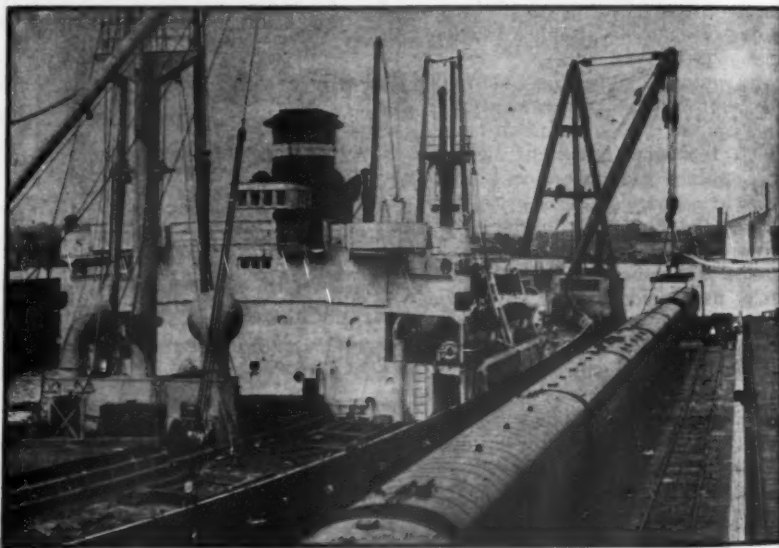
Philippine Agency

New purchasing commission will seek out goods to restore island industries and compensate for heavy war damages.

A Philippines purchasing commission was set up in Washington this week chiefly to locate some \$350,000,000 worth of surplus goods needed to rehabilitate island industries and pay a kind of war damage claims against the United States. Brig. Gen. Carlos P. Romulo, resident commissioner, estimates that 61% of the islands' physical property was destroyed by war. The commission will do some buying from private sources to fill in the gaps in surplus stocks.

Durant Rose, former vice-president of Wells Fargo & Co., who saw service with WPB and OPA and now has such private clients as Owens-Illinois Glass Co., will be chairman of the purchasing group. His advisers include Henry W. Cornell, War Assets Administration field consultant, and G. Reed Salisbury, WAA marketing consultant. Rose also has borrowed operations men from WAA, the Army, and the State Dept. Offices are 1631 Massachusetts Ave., Washington.

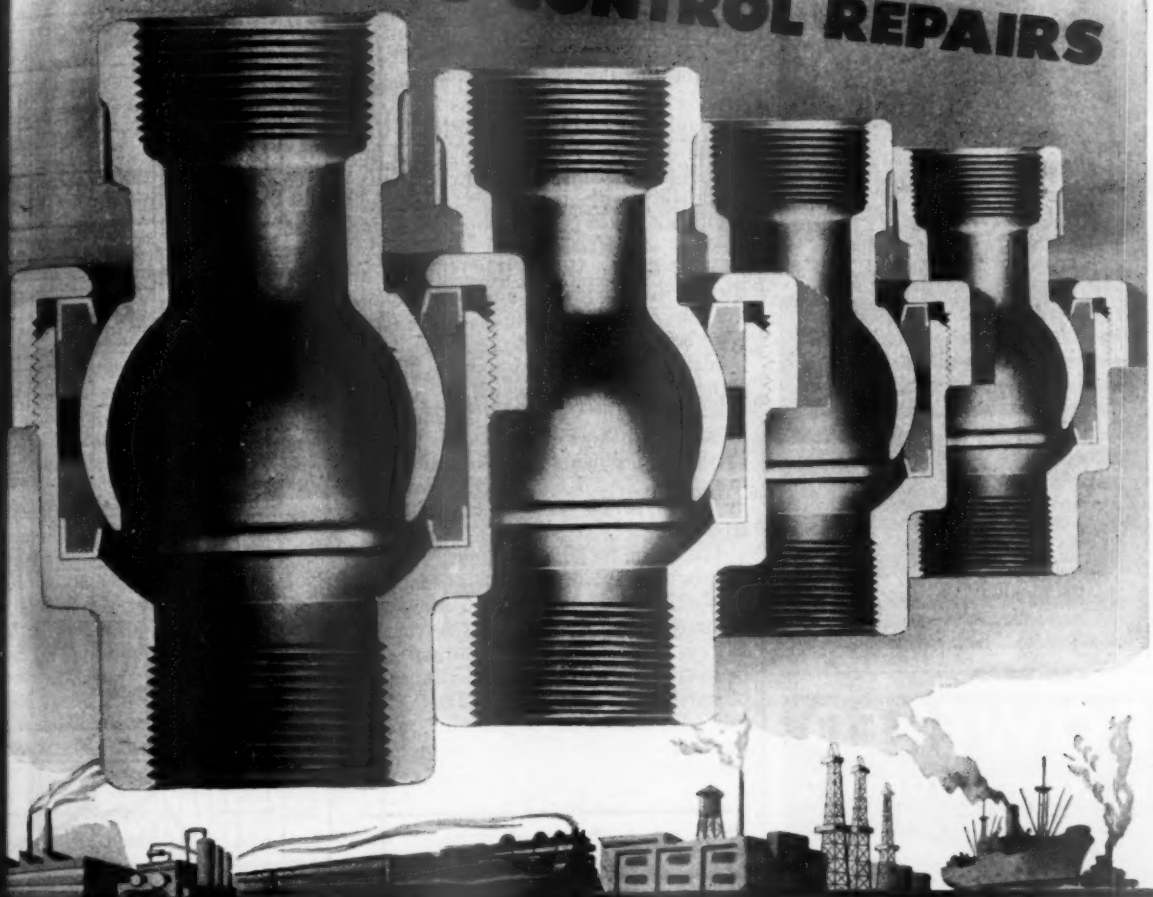
• **Financial Resources**—Part of the money for the purchases will come from an American Export-Import Bank credit



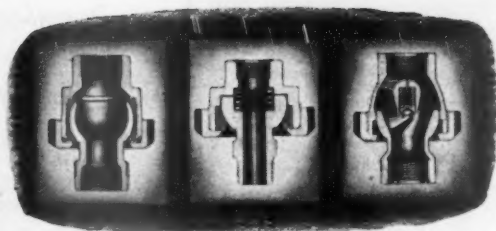
STRANDED CHAMPION HOMEWARD BOUND

Pride of the British railways, the Coronation Scot (above) is loaded aboard a Liberty ship at Baltimore—headed home after a protracted visit. It was one of the war's lesser ironies that, at a time when Britain's transportation facilities were strained to the utmost, the crack London-Glasgow passenger train was marooned in the U. S., following its appearance at the New York World Fair. It looks for a warm welcome home where it is sorely needed.

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Industry LIVES HAPPILY IN
VERMONT

now being negotiated through the Philippines National Bank. Joseph H. Foley, manager of the New York branch of the Philippine bank and personal representative of President-Elect Manuel Roxas, will supervise this aspect of the program.

In addition, the Philippine Rehabilitation Act, approved last month, appropriates \$400,000,000 in compensation for war damage, of which part will be available for the use of the purchasing commission.

• **Stumbling Block**—One obstacle the commission will have to hurdle will be that of priorities. Until Congress grants it equality with federal agencies, the commission is in competition with state agencies and is outranked by veterans and UNRRA. When the Philippines become independent, July 4, the commission may lose even that priority. Members hope, however, that their needs are going to be for unassembled or nonstandard items which few others will want. Paul V. McNutt, high commissioner to the Philippines, has asked President Truman to use his influence to get the commission a higher priority by July 4, when the islands become a republic.

The desire for haste on the part of the Filipinos is explained by such situations as that in shipping. More ships are currently available or actually in Manila harbor with needed cargoes than can be safely unloaded because of a shortage of warehouses. Until shelter against the July rainy season can be provided, many materials for rehabilitation cannot be unloaded.

CANADA

Decontrol Steps

Dominion will halt milk subsidies next month. Rail lines ask Parliament for increase in freight rates.

OTTAWA—The first major move in the direction of the higher price levels the Canadian public has been warned to expect with the progress of decontrol is the removal of subsidies on milk. Another, in the offing, is a general increase in freight rates.

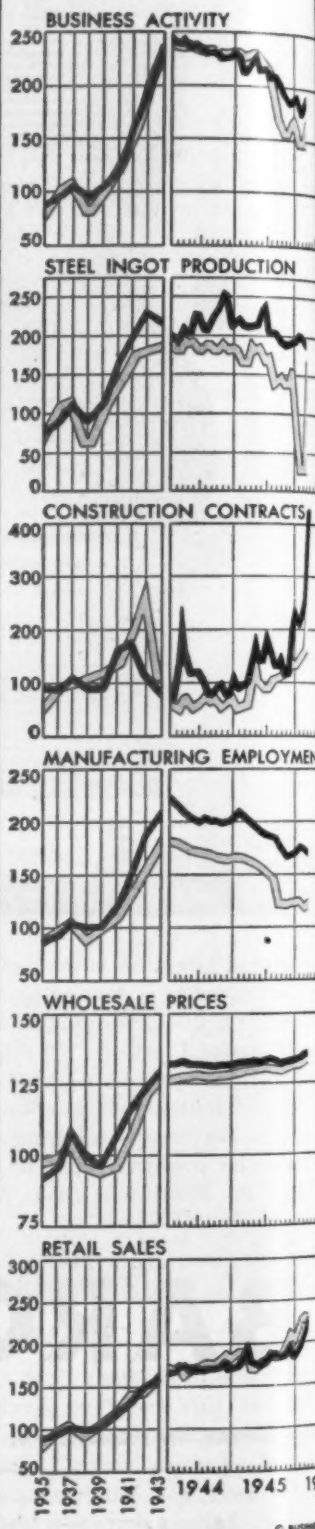
Last week Agriculture Minister James G. Gardiner served notice on consumers that they will have to pay 2¢ a quart more for milk after June 1, perhaps another 2¢ or more after Sept. 30.

• **Index Affected**—The hike in milk prices is expected to send Canada's cost-of-living index, on which price and wage controls are predicated, up about

TREND OF BUSINESS CANADA AND U.S.A.

1935-39 = 100

CANADA ——— U.S.A. ———



points from the level of 119 (based August, 1939 = 100), at which it has stood for the last two months.

All this comes about through the withdrawal of the 2¢-a-quart consumer subsidy on milk which the Commodity Stabilization Corp. has been paying. When the cost-of-living index was climbing in 1943 the consumer subsidy was authorized to hold down the index of lower milk prices. It was one of the most costly of the price stabilization subsidies and one of the most difficult to administer. The government also, through the Dept. of Agriculture, producer subsidies on milk, normally 1¢ per 100 lb. in winter and 35¢ in summer.

Railroad Request—The move is designed to check criticism of decontrol policy, since it will hit both producers and consumers. The subsidies have cost nearly \$100,000,000.

Notice that Canadian railways are preparing an application to the Board of Transport Commissioners for a freight rate increase was given by R. C. Vaughan, president of the Canadian National Railways, when he appeared before Parliament last week. The application will be made jointly by the government-owned line and the privately owned Canadian Pacific Ry. Vaughan did not say what increase would be requested, but the 25% boost recently asked by American roads is believed to be about what the Canadian roads would like.

General Review Likely—Whether the rates will get a flat increase, however, is another question. As soon as the freight question opens up there will be demands for a review of the whole rate structure. The west coast area strongly believes that the present structure places the British Columbia industry at a disadvantage.

Annual reports of the two railways pointed sharply to rising costs and declining revenues.

As in the case of the milk subsidy, the government postponed any action in the interests of price stability. But the fact that Vaughan spoke up for a rate increase is taken to mean that the government has given the railways a go-ahead signal to seek an adjustment commensurate with postwar operating conditions.

AUTO PRIORITIES SHUT OFF

Repercussions of the American steel and coal shutdowns presented a new aspect in Canada this week.

Reconstruction Minister C. D. Howe told the House of Commons that priorities issued on new automobiles had outstripped prospective production. Pending fulfillment of outstanding orders, no new priorities will be granted to essential users eligible for new cars.

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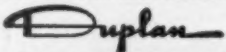
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L. GORDON HALE, Secretary
Declared May 9, 1946



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STENCIL MARKING

THE MARKETS (FINANCE SECTION—PAGE 2)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	179.5	179.9	181.2	143.8
Railroad	64.1	62.9	64.0	54.4
Utility	94.0	93.2	94.7	66.6
Bonds				
Industrial	123.8	123.8	124.2	122.2
Railroad	118.4	118.6	119.1	114.9
Utility	116.0	115.9	115.8	116.6

Data: Standard & Poor's Corp.

Market Firmer—But Watchful

The recent tendency to cash in on available profits inspired by the sharp rally touched off by the unexpected John L. Lewis order reopening the coal mines for two weeks was short-lived as many Wall Streeters had expected. Ever since it petered out, prices have been edging upward. And by the middle of this week, due to the tenacity of the uptrend, all the profit-taking losses recorded in the stock price averages had been recovered.

• **Strength in Rails**—Aiding the stock market to register its recent performance have been two obvious factors—the five-day postponement of the railroad walk-out ordered at the last minute late last week, and the government's subsequent seizure of the bituminous coal mines.

Of the two, the rail action has probably had the greatest effect. Not for some time have the rail shares been showing the consistent strength they have evidenced since this "break" occurred, and early this week the group was actually spearheading the market's

advance, something of a phenomenon these days.

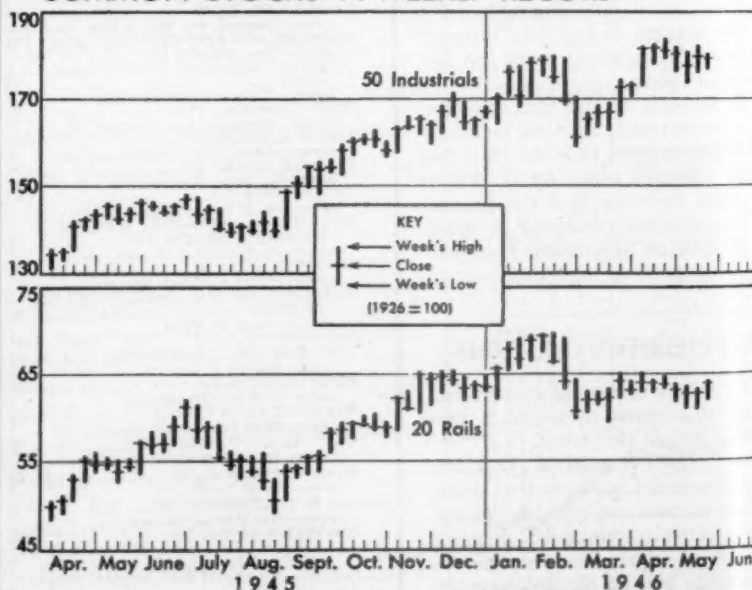
However, some of the pivotal moves in the industrial section of the stock market have been disclosing almost as much strength. Du Pont's upping of the dividend on its common shares to the quarterly rate prevailing in 1941, in particular, proved much of a stimulant to the stocks in this group early in the week.

• **Bullish Feeling**—Undoubtedly helping to improve market sentiment this week has been the current bullishness of many of the stock market oracles, bolstered by the mass of traders and investors. One important investment service is presently advising a "wait-and-see" attitude and sees "no necessity of haste in reinvestment" of available funds. Most of the others, however, are optimistic. By far the majority believe the present uncertainties are temporary, and they are counseling recent purchasers, though even they are hedging to some extent by specifying selective buying programs.

From its recent action the market obviously is saying that industry will soon begin receiving its needed quotas of coal again, that no real cessation of road service will actually be seen, and that future profit margins will be wide enough to assure satisfactory industrial earnings.

It would likewise appear to be closing more and more investor confidence that the railroads will be able, some time ahead, at least, more than offset any 1946 wage increases, due

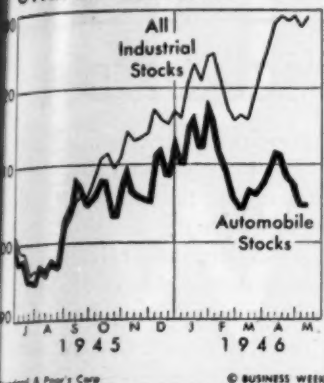
COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

© BUSINESS WEEK

STRIKE VICTIMS



present lower fixed charges and the traffic they will soon be called to handle.

Unknown Factors—However, there is no assurance that final settlements of the coal and rail labor situations or the application for higher freight rates will be as favorable as the market appears to be guessing.

The final form of OPA's extension, likewise will be important, since this will have a direct bearing on both the activity and the profits of the industry. There is still quite a coterie of Wall Streeters, as a result, that think the market recently may have gone too far out on the limb in this respect too.

Yet Hitting on All Four

New trades have taken a worst post-shelling than the auto industry. It has been harassed by its own strikes by those of parts suppliers. Price problems, shortages of materials, and conversion problems have also played a part in holding the output of Detroit's assembly lines at uneconomical levels.

True, the recent settlement of the General Motors and steel tie-ups and the end of the parts suppliers' strikes, and wage agreements signed by the rest of the industry, have permitted some picking up in production. But plenty of problems remain, and though the short-term production outlook is somewhat brighter it still isn't particularly promising.

Still Bugged Down—Too many suppliers of important parts are still bogged down because of labor or price troubles. Shortages of materials continue to be critical. Just this week, the lack of seat springs (due to labor difficulties of a steel supplier and controls covering deliveries of hard-drawn, high carbon steel) threatened to halt entirely assembly lines already slowed by dwindling coal supplies.

As a result, current trade estimates indicate a production of not more than

1,200,000 cars and trucks in the year ending June 30, 1946. OPA's estimate of 1946 output is not likely to be realized. Instead of 5,000,000 cars, Detroit now expects 3,000,000, or fewer, this year.

• **A Poor Record**—Earnings, obviously, have been poor since V-J Day. Especially discouraging were 1946's many large first-quarter operating losses. And second-quarter reports won't make much happier reading for stockholders.

Wall Street expects that by early 1947, at the latest, the industry will achieve an annual production rate of 5,000,000 units or better. It's not so sanguine, however, about earnings. Aware of the sharp shrinkage in post-war profit margins, the Street thinks total 1946 earnings will probably fall far short of many fulsome earlier estimates.

• **How Remunerative?**—Past OPA ceiling raises and the new hike expected momentarily should help the profits trend. But just how remunerative vastly higher production volumes and a hoped-for increase in employee productivity can be remains to be seen. The consistent uptrend in raw material prices also must be considered in any attempt to appraise future earnings.

To date, the uncertainties have been sufficient to cause the auto stocks to register a stock market performance considerably below average since V-J Day (chart). It is not hard to see why even those Streeters who are bullish over such issues are recommending their purchase only for "longer-term" holding and urging clients to use great selectivity when acquiring an interest in the group.

The New Jack & Heintz

Yet another company that made a reputation in war production is planning to take the public in on its peacetime venture. Jack & Heintz Precision Industries, Inc., of Cleveland, is getting ready to float a modest issue of common and preferred to supplement the funds provided by the group of eastern investors who recently bought into the old Jack & Heintz Co. (BW-Mar.9 '46,p16).

Meanwhile, the company has been making some switches in officers. Byron Foy, chief figure in the buying group, has just resigned as vice-president of Chrysler Corp. He will be chairman of Jahco. Bill Jack moves from the chairmanship to the presidency, where he will have charge of plant management, production, and personnel. Ralph Heintz will continue as top man on engineering. B. C. Milner, who went in as president when the new company was formed (BW-Apr.27'46,p18), becomes chairman of the executive committee.

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THE TREND

PUBLIC RELATIONS CAN BE TOO SPECIALIZED

According to the New York Journal of Commerce, which found out by making a survey, American corporations and trade associations are planning to give professional practitioners of the art of public relations a greatly expanded workout during the next few years. The survey indicates that, in the process, which involves much increased expenditure by public relations departments, a much higher degree of specialization than has been prevalent in the past is contemplated, with specialists concentrating on relations with the government, with consumers, with stockholders, etc.

• So far as the enlarged budgets reflect an awareness of the urgency of doing a better job to acquaint the American people with the accomplishments, needs, and potentialities of business and industry, we are sure that they are all to the good. Also, we are confident that the increased budgets will often be effectively used in attaining this end. We must confess, however, that we are a bit worried by the trend to greater specialization in public relations work which the Journal of Commerce survey discloses.

Indeed, it is our impression that one of the troubles with the public relations of American business and industry already is a tendency toward excessive specialization, particularly as between those specifically charged with looking after public relations and those charged with handling other phases of business and industrial operations. In fact, judged by the material they are handed as the basis of a public relations program, we are occasionally led to wonder whether or not the public relations experts have even been introduced to their colleagues in the operating departments.

Just as a great musician can sometimes make even a scrubby composition sound quite well, so a superlative master of public relations can, no doubt, put an attractive veneer on a policy or program which is not as good as he makes it seem. But the veneer will defy only briefly the proposition that a public relations program can be no better than the basic business and industrial practice with which it deals. This is a proposition which, we fear, may not be kept sufficiently in the foreground when public relations is treated as a highly specialized art.

• Perhaps we can illustrate the nature of our worry by reference to relations with consumers where, it seems, more specialization is scheduled. In many of the dimensions which might be assigned for special treatment by the appropriate specialist in the public relations department, consumer relations are in extraordinarily good shape. Almost all the consumer goods which are available are surrounded by clusters of avid customers. Probably largely because that is the case, the "consumer movement," in the sense of a drive for more government

prescription of quality standards of one kind and another is quiescent.

Before a great while, however, the supply of consumer goods will be catching up with the demand. If in the interim the period of scarcity has been extensively exploited to unload shoddy stuff at exorbitant prices, it is certain that the "consumer movement," to which was created shortages inevitably gave a lot of ammunition in the form of quality deterioration, will be on the march again, and driving further and harder than ever before. And the combined efforts of specialists in consumer relations and government relations, if called in at that time to cope with the situation, cannot be expected to accomplish much in mitigating the force of the drive.

The point is, of course, that the consumer relations of a few years hence are being shaped in large part right now. And they are being shaped by business and industrial decisions and activities which are often not conceived as coming within the orbit of the specialized department of public relations which is now, it seems, to be still further specialized internally.

• There are a number of ways in which American business and industry can act now to improve their relations with consumers a few years hence. Perhaps foremost among them is the use of restraint in exploiting the unprecedented opportunities which are now available for cutting corners in quality. Such restraint can be made to pay big dividends in consumers' goodwill later on when it may be much needed. So, too, can careful explanation to consumers of the necessity of reduced quality standards which are still frequently forced by material and other shortages.

Also a smart business community would beat the "consumer movement" to the punch which is surely coming and have its own program to improve quality standards by cooperative action rather than government decree not only well developed but well known to the consuming public. If something is not done along this line, it is a pretty safe bet that the "consumer movement" will be making a lot of hay in Washington by 1950.

• The purpose here, however, is not to try to take over the job of one of the prospective specialists on the consumer end of public relations. It is to emphasize the fact that a successful program of public relations for American business and industry over the next few years must engage the careful attention of all branches of management, in good season, and not merely that of a group of public relation specialists.

The specialists can provide the spearhead of a successful program, but they cannot provide much of the most vital substance. There is some danger of having too much specialization obscure that crucial fact.

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